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New Surge of Panic Hits South Korea

Frenzy Selling of Won Paralyzes Markets; 5 More Merchant Banks Are Suspended

By Don Kirk
Special to the Herald Tribune

SEOUL — A week after South Korea and the International Monetary Fund agreed on a record $60 billion bailout, there were few signs Wednesday that Seoul's financial crisis was easing as the nation's currency again plummeted to record lows.

Capital markets here were all but paralyzed, with almost no one willing to sell dollars in exchange for won. The currency rapidly sank by its 10 percent daily limit after what securities analysts called desperate efforts on the part of nearly bankrupt South Korean companies to buy up dollars to pay off debts.

The government, meanwhile, fought to bolster the currency by suspending five more merchant banks that bureaucrats blamed for touching off the selling frenzy.

"There's panic in corporate Korea and the government," said Daniel Harwood, manager of Hoare Govett's office here. "They're doing everything in a panic to try to get some money."

Financial markets are "bracing for the worst," said David Hale, chief economist at Zurich Kemper Investments. Investors, he said, "aren't willing to make any big commitments in Korea without more evidence that they are ready to implement the IMF program."

In New York, South Korea's largest government-owned bank, Korea Development Bank, ran into investor resistance to its attempt to sell $2 billion of bonds, but it denied that the sale was being canceled. J.P. Morgan Securities Inc., which is arranging the sale, postponed a conference call with investors by one day, people familiar with the planned sale told Bloomberg News. The

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Paul Barker/Reuters

Choo Youn Kong/Agence France-Presse

IT'S GONE — A worried investor making a phone call Wednesday in front of the suspended Daehan investment bank in Seoul as riot police stood by. Another customer of the bank, left, feared she might have lost her life's savings.

Yeltsin Ill; Condition Said to Be 'Serious'

Kremlin Calls It a 'Cold,' But His Heart Surgeon Is With Him at Clinic

By David Hoffman
Washington Post Service

MOSCOW — President Boris Yeltsin was hospitalized Wednesday at a sanatorium outside Moscow, and two informed sources said Mr. Yeltsin had suffered another major bout of heart trouble. Mr. Yeltsin's spokesman announced that the president was suffering an acute respiratory infection stemming from a cold.

"It's really very serious," said one of the sources. "It's really the heart."

The source said he could not provide details on Mr. Yeltsin's condition, but noted that the president's heart surgeon, Renat Akchurin, who performed a quintuple bypass operation on Mr. Yeltsin last year, was at the president's side.

Sergei Yastrzhembsky, the presidential press secretary, announced that Mr. Yeltsin, 66, was taken from his residenceto Barvikha, a secluded rest home outside Moscow that also has a clinic.

When Mr. Yeltsin suffered a heart attack in the summer of 1996, he was also treated at Barvikha. His heart troubles were then attributed to a cold. A spokesman said there were no plans to take Mr. Yeltsin to the Central Clinical Hospital, the main hospital used for the president.

Mr. Yastrzhembsky said Mr. Yeltsin would remain at the clinic for 10 to 12 days under doctors' orders. He said the doctors had not excluded the possibility of influenza. He said Mr. Yeltsin's temperature was slightly higher than normal and he promised to make daily reports on the president's condition.

Mr. Yeltsin underwent the quintuple heart bypass surgery on Nov. 5, 1996, after a long period during which the Kremlin concealed his deteriorating medical condition. At one point, when Mr. Yeltsin had suffered a heart attack between two rounds of the presidential election, the Kremlin released a videotape of him which had been heavily altered because he could not finish a sentence.

The health of Soviet leaders was a closely guarded secret, but Mr. Yeltsin seemed to make a break with the past when he announced his decision to go ahead with the heart bypass surgery.

Mr. Yastrzhembsky said the first signs of a cold were noticed while Mr. Yeltsin was on an official trip to Sweden last week. During the trip, Mr. Yeltsin made several statements about military policy that his aides quickly had to modify.

Alexei Venediktov, political commentator for Echo Moscow radio, said journalists accompanying Mr. Yeltsin on that trip noticed "the president was not looking well" and "that everything was far from all right."

"We kept asking those around the president" if his health was all right, Mr. Venediktov said Wednesday in a broadcast. Among those who were asked, he said, was Dr. Akchurin, who accompanied Yeltsin on the trip. He said Dr. Akchurin replied, "As far as I am concerned, he is all right."

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Few Agree on How to End Asian Crisis; How It Began Is Clear

U.S. Rejection of Seoul's Appeal Raises Tension

By David E. Sanger
New York Times Service

WASHINGTON — South Korea's call this week for billions of dollars in direct financial help from the United States and Japan, and its immediate rejection by Washington, was the latest example of the brewing tensions between the United States and its ailing Asian allies over how to quell a financial crisis that refuses to be tamed.

Time and again, Treasury Secretary Robert Rubin has said that the United States would only put American taxpayer dollars at risk as part of a "second line of defense," backing up the International Monetary Fund and other international institutions.

Mr. Rubin has made it clear that there will be no repeat of the Mexican bailout, during which President Bill Clinton made a risky run around Congress, committing $12 billion in direct aid to a neighbor.

But throughout Asia, and particularly in South Korea, Washington's insistence on setting tough conditions for financial reform and its refusal to put much of its own money at risk are breeding growing hostility.

The fastest way to convince the markets that stability is around the corner, South Korea's

NEWS ANALYSIS

officials reply, is a massive, unequivocal show of resolve from the world's biggest superpower — the financial equivalent of the tens of thousands of U.S. troops that have kept North Korea contained for 45 years.

But Mr. Rubin has plenty of reasons for withholding that unconditional support.

Ever since 1995, when Washington provided the first relief in the Mexican bailout, Mr. Rubin has feared that the United States was on the verge of becoming the world's lender of last resort, the

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A Behind-the-Scenes Look at Currency Drama

By Jonathan Fuerbringer
New York Times Service

NEW YORK — In May, Japanese officials, concerned about the decline of the yen, hinted that they might raise interest rates. The threat never materialized. But it proved to be the first sign of an Asian flu that is still spreading and has already prompted around $100 billion in international pledges for a cure.

The Japanese threat shifted the decisions of global investors, who immediately began to sell Southeast Asian currencies, setting off a tumble not only in the currencies but in the local stock markets as well.

Leapfrogging from Thailand to Indonesia to Hong Kong, the financial shivers eventually shook Wall Street, sending the Dow Jones industrial average down a record 554 points on Oct. 27. From its sickbed, Asia is now faced with a new year that promises very slow — if any — growth, painful bankruptcies and rising unemployment.

Speculators — and the hedge funds they manage — have been singled out by Asian politicians and others as the proximate cause of the turmoil, which spread to South Korea and continues to rattle Japan.

But the real story is much more complex, filled with bankers, corporate treasurers and mutual-fund managers from the region and around the world who, unlike speculators, were not trying to profit from the fall of the currencies but still contributed significantly to their declines. Joined by many local companies, these agents had a vested interest in keeping the currencies stable.

There is no way to recreate the exact train of selling that pushed the currencies beyond the brink. But in interviews with bankers, economists, currency traders, portfolio managers, hedge-fund executives and corporate treasurers in Asia and elsewhere, a picture has emerged of the sequence of events and the players who were

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Citing 'Mad Cow' Risk, EU Panel Seeks Ban of Beef on the Bone

By Barry James
International Herald Tribune

BRUSSELS — A European Union scientific committee on Wednesday recommended a wide ban on the sales of beef rib roasts, T-bone steaks and certain other on-the-bone cuts because of the risk of transmitting "mad cow" disease.

The scientific steering committee that advises the European Commission said that meat sold on the bone, such as T-bone steak, should be banned in every country that has reported cases of bovine spongiform encephalopathy, the clinical name for mad cow disease.

This followed a British decision to ban beef on the bone starting Tuesday because evidence had indicated a slight risk that the disease could be transmitted to humans through bone or marrow.

If EU governments agree to follow the committee's advice, T-bone steaks and similar meat would be banned in the three Benelux states, Ireland, France, Germany and Portugal, as well as in Britain.

Butchers in Britain have reported panic buying by consumers seeking to purchase the ribs and steaks before the ban goes into effect.

The ban has been another blow for the British farming industry, seriously hit by the global embargo on beef exports imposed by the commission last year after a massive outbreak of mad cow disease there. Britain has reported almost 200,000 cases.

Farmers have blockaded ports in Wales and Scotland, seeking to prevent imports of beef from Ireland, and the commission warned last week that it would take legal action against Britain if it failed to ensure free trade.

The farmers are complaining that the imports have helped push beef prices in Britain to a 20-year low, instead of rising in the pre-Christmas season, as they usually do.

Scientists maintain that mad cow disease is transmitted to humans, where it is known as a new variant of Creutzfeldt-Jakob disease. The disease is caused by a little-understood agent known as a prion, which causes irreversible and fatal deterioration of the brain tissue.

Also Wednesday, the commission delayed putting into effect a ban on beef products used in cosmetics and drugs that could have affected an annual $4 billion in imports from the United States and touched off a trade war.

The steering committee said it might be possible to resume exports of deboned meat from British cattle no older than 30 months if three conditions are met:

- Enforcement of a ban on meat and bonemeal in animal feed.
- A system to trace and identify animals.
- The slaughter of offspring of infected herds.

The Meat Hygiene Service in London said that many abattoirs were failing to meet standards and that several of the British agency's inspectors had been menaced or attacked.

The commission said it would delay until at least April 1 the imposition of a ban on tallow and gelatin, which are widely used in cosmetics and to make the casing for pharmaceutical capsules.

The products are derived from boiling cattle carcasses that may include brains and other products, known as "specified risk materials," that may be infected.

The ban, which was to have gone into effect Jan. 1, could have hit U.S. exports. Washington, which says it has never had a case of the disease, warned that it would retaliate in an unspecified way if its exports were affected.

The commission delayed imposing the ban after governments failed to agree on a series of exemptions to it. The exemptions would have allowed the import of life-saving drugs and given the pharmaceutical industry time to change manufacturing processes to eliminate any risk of transmission of the disease.

The scientific committee also said that certain kinds of meat from sheep and goats should be excluded from the food chain if they are from one of the countries that had reported cases of the disease.

The types of meat would include intestines of sheep and goats of all ages and lungs, vertebral column and associated nerve tissues of animals more than 1 year old.

AGENDA

Group of Eight Targets Internet Crime

WASHINGTON (AFP) — The world's most powerful nations vowed Wednesday to get tough on criminals who use the Internet and other high-technology tools, approving a 10-point plan to stamp out cybercrime.

Justice and industry ministers from the Group of Eight nations — Britain, Canada, France, Germany, Italy, Japan, Russia and the United States — agreed on the campaign at the end of a two-day conference here.

The plan aims to crack down on the use of the Internet, and other advanced means of communication, for prostitution, pedophilia and drug trafficking, as well as such electronic fraud as theft of credit card numbers, money laundering and computerized piracy.

"While the enactment and enforcement of criminal laws have been and remain a national responsibility, the nature of modern communications networks makes it impossible for any country acting alone to address this emerging high-tech problem," the ministers said in a joint statement.

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A Mystery Man in Bombing Trial

EUROPE Page 5.
Bosnia Ends Talks With Walkout

Legitimacy Eludes Cambodian Leader

Nearly five months after he took control of Cambodia in a coup, ruining a $3 billion international effort to bring democracy to the country, Second Prime Minister Hun Sen's campaign to gain legitimacy for his rule is hitting a stone wall and leaving Cambodia the orphan of Indochina. Many citizens are in despair as human life is again treated with contempt. Page 6.

Newsstand Prices

Bahrain	1.000 BD	Malta	55 c
Cyprus	C £ 1.00	Nigeria	12800 Naira
Denmark	14.00 DKr	Oman	1.250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$40.00

The Dollar

New York	Wednesday @ 4 P.M.	previous close
DM	1.7875	1.791
Pound	1.6492	1.6515
Yen	129.40	129.735
FF	5.983	5.9925

The Dow

	Wednesday close	previous close
-70.87	7978.79	8049.66

S&P 500

change	Wednesday @ 4 P.M.	previous close
-5.99	969.79	975.78

Turk Declines to Wait for a Rebuke at Islamic Summit

Compiled by Our Staff From Dispatches

TEHRAN — President Suleyman Demirel of Turkey plans to withdraw from a global Islamic summit meeting in Tehran, Turkish officials said Wednesday, apparently to avoid facing criticism of his country's ties with Israel.

Mr. Demirel was due to leave Tehran on Wednesday evening, the officials told The Associated Press.

The prime minister himself denied reports that his early departure had been prompted by resolutions critical of Turkey adopted by ministers of the Organization of the Islamic Conference.

"No one should look for crisis," he said. "The job is done and I am returning to Ankara."

The official Iranian press agency, IRNA, quoted him as saying, "The summit wants to solve problems; we should not seek to create new problems."

In Ankara, the presidential palace confirmed that Mr. Demirel was returning a day earlier than planned, but gave no reason.

The three-day summit meeting will end Thursday with a closing session at which leaders of Muslim nations will issue several resolutions, including one that criticizes Muslim countries that have military ties with Israel. There is only one.

Mr. Demirel himself did not say when he would leave Tehran. But he defended his country's military ties with Israel, saying that their cooperation "does not pose a danger for any third country."

"Israel and Turkey have a military agreement, and

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A New China Embracing Nuclear Nonproliferation

Jiang Generation of Leaders Displays a Foreign Policy Shift in Pact With U.S. Over Supplying Iran

By Joseph Fitchett
International Herald Tribune

PARIS — Beijing's habitual shrugging-off of Western complaints made it all the more intriguing when Chinese negotiators agreed with alacrity this fall to cooperate with Washington on limiting nuclear cooperation with Iran.

"I was surprised, frankly," an official of the National Security Council said, contrasting China's approach this time with its tactics as recently as a year ago in international negotiations on a treaty banning nuclear tests.

China now seems to be fundamentally changing its approach to formulating foreign policy, he said, explaining that his surprise was partly due to the speed with which the change was taking hold, so soon after the arrival in power this year of a new generation of leaders under President Jiang Zemin.

The new Chinese attitude surfaced as the United States pursued a two-pronged diplomatic initiative with Beijing and Moscow to cut off Iran's covert program to build ballistic missiles and develop chemical, nuclear and biological warheads. While Russia was accustomed to arms control negotiations, even about proliferation, Chinese diplomats were new to this sort of dialogue.

Speaking last month, shortly after Mr. Jiang's state visit to Washington, the National Security Council official said that for the first time Beijing seemed to be focusing on longer-term goals in the world and even showing interest in cooperating on international security where it serves Chinese policy.

This pragmatic-sounding approach contrasts sharply with decades in which the Chinese leadership largely ignored concrete international problems, except for issues that touched on China's sovereignty, such as Taiwan.

The old ways were often counterproductive.

For example, China eventually agreed last year to join a test-ban treaty, but only after raising ideological objections that in the end helped pave the way for India's refusal to sign. "If there was one thing that Beijing should have wanted, it was to close the door on Indian nuclear testing," the U.S. official said. Instead, the Chinese stance produced the opposite outcome.

This time, on Iran, "We got them to see just how weapons of mass destruction in the Gulf jeopardized Chinese interests," a State Department official said.

The logic was simple: China's exploding energy demand makes the country increasingly dependent on oil from the Gulf.

So, "If anything disrupted the supply lines, China would be very vulnerable," the official explained.

Beyond the Gulf factor, the Chinese apparently also were prompt to sacrifice their weapons supplies to Iran as the entry cost of engaging in a strategic dialogue to develop and shape China's relationship with the United States, a Clinton aide said.

Formally, this new dynamic fell into place at the Washington summit meeting, which President Bill

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Awakening in the East / **Germany's New Frontier**

Saxony Bridles Under West's 'Old-Fashioned' Economic Model

By John Schmid
International Herald Tribune

DRESDEN — East Germans are still knocking down walls. Emboldened by their success in bringing down communism, they are now eager to dismantle what they see as a new barricade to their economic freedom: the costly, tightly regulated West German economic model that they inherited seven years ago with unification.

"We are suffering from our ties to a federal state that handicaps us," said Kajo Schommer, labor minister of the industrial state of Saxony in Eastern Germany.

The largest and most economically viable of the five Eastern states, Saxony is "held hostage" by a system that inflates labor costs to unrealistic levels and hinders the rebirth of Eastern Germany, Mr. Schommer contended. Financing the Western-imposed system "is strangling us," he said.

Evoking a maverick free-market spirit heard often these days from labor unions, business leaders and politicians here, Mr. Schommer vowed that "Saxony will go its own way." But while East Germans flout West German rules and conventions, West Germans are fighting what many see as a rearguard action to preserve their half-century-old consensus-based economic model, showing repeatedly that they are unwilling or politically unable to reform the system despite an unemployment crisis and chronic deficits.

The failure of Germany's "inner unification" can be traced partly to Saxony's battles with the West. "This is a confrontation between East and West over which way to take this nation," said Max Eli, director and chief economist of the Dresden campus of the Ifo economic-research institute.

In the postwar West, the ideal of equality and consensus — enshrined in every institution from welfare, health care and wages to the constitution — provided a cherished sense of social peace. In the East, however, Bonn's cookie-cutter solutions interfere with Saxony's home-grown free-market recruitment policies and job-creation schemes, say local labor leaders, politicians and entrepreneurs.

Saxons openly promote their labor as cheaper than the West's, their workweeks as longer and their vacations and entitlements as fewer, often in defiance of West Germany's labor regulations. In the West, politicians and unions actively discourage overtime and want to shorten the 35-hour workweek; in the East, they have drawn it out to 40 hours or more. In addition, Saxony balks at the Bonn-imposed minimum wage.

Local unions are in open rebellion against their larger cousins in the West. With the help of organized labor, industry in Saxony believes it is on the verge of smashing the wage cartel of the powerful IG Metall union once and for all. Saxons even attend fewer years of high school than Western students and enter the job force earlier.

Easterners cheer Saxony's state premier, Kurt Biedenkopf, as a folk hero for his blunt criticism of Chancellor Helmut Kohl. "King Kurt," a firebrand leader in the pro-reform wing of Mr. Kohl's Christian Democratic Party, has become the champion of a radical solution to the chronic deficits in Germany's state retirement system.

Mr. Biedenkopf's plan would require Germans to use mutual funds, the stock market or financial advisers to plan their retirement. The state cannot give everyone the same coverage anymore, Mr. Biedenkopf said. Mr. Schommer, the Saxony labor minister, said: "We must again allow inequality, both regionally and among incomes."

Andreas Altwein/Agence France-Presse

Members of the IG Bau construction workers union holding a banner reading "Rap the Bosses on Their Knuckles" at a demonstration in Dresden in June. A rebellion has been growing in the dynamic state of Saxony against regulations imposed by the government in Bonn.

Late last week, Mr. Biedenkopf also began lobbying for a radical decentralization of Germany's federal social-security programs, demanding that the administration of such programs shift to the states, allowing for regional differences. His appeal was quickly rejected by Mr. Kohl's ministers.

The tone of rebellion began last year. In defiance of a ruling by the European Union, which had the support of Bonn, Saxony's government channeled "illegal" taxpayer subsidies to help save jobs at Volkswagen assembly plants in Mosel and Chemnitz. Saxony refused to back down, creating an irritating problem that took months for the EU and Bonn to resolve.

The proud Saxons have long had a rebellious streak. As early as 1982, armed only with candles, the residents of Dresden opened the civil rights movement that eventually toppled the hated regime of East Germany.

Today, East Germans claim credit for striking blows against the German "social-market" model with a force well out of proportion to the East's economic strength.

"In the West, they are afraid of the competition that comes from the East," said Peter Adenauer, a computer entrepreneur transplanted from West Germany who runs the last surviving part of the Dresden-based Robotron electronics combine, once the International Business Machines Corp. of Eastern Europe.

Mr. Adenauer — the great-nephew of former Chancellor Konrad Adenauer, the architect of the postwar German consensus model — said the East's economy was stagnating under a petrified system. His uncle's achievement has been "bastardized" by West Germany's "beer-bellied" generation, Mr. Adenauer declared.

THE once communist East effectively has reversed roles and is now telling the West to modernize its economy. In a speech last month in Eastern Germany, Hans-Olaf Henkel, president of the German Industry Federation in Cologne, implored West Germans to copy the innovations percolating out of Eastern Germany.

The West, however, shows no sign of listening. "The other Germany" garners little attention from candidates campaigning for the national elections scheduled for September 1998.

Frustration runs deep, said Hartmut Paul, president of the Dresden Chamber of Commerce. Mr. Paul said East-West tensions dominated the agenda of each meeting of the business community.

Inaction by Bonn on pensions will make the daily struggle in the East even tougher, Mr. Schommer said. Failure to act means mandatory payroll deductions for pensions will automatically rise to 21 percent of gross pay next year, which Saxons decry as poison for the East German labor market.

Renate Koecher, chief pollster at the Allensbach polling institute, said East Germans "have a widespread feeling of distance" from the social-market economy.

The dominant Western notion of Easterners as unsuccessful subsidy-fed entrepreneurs who are slow to adapt is a "cliché cultivated in the West," said Mr. Eli of Ifo. One such Western-bred cliché is *ostalgia*, from the German word *ost* or "East." The expression conveys a clinging to the practices of the communist past.

"The term ostalgia does not apply," said Klaus-Dietmar Henke, a professor at the Hannah Arendt Institute of Modern German History in Dresden. "The more accurate terms is Westalgia," a refusal of the West to reform its state-dispensed entitlements, he said.

"It is the old West Germany that does not want to change. The East already has changed," Mr. Henke said.

Dresdners exploits a competitive advantage to lure new investment. The city was one of the former Soviet bloc's centers for microelectronics. Robotron supplied mainframes and personal computers to the Soviet bloc.

Saxony's government lures investors to the region with a promise to spare them West Germany's notoriously tangled red tape. Judging by the growing number of high-technology companies that have made big-ticket investments in Dresden, the pragmatic government approach already has yielded dividends in the form of high-skill, high-technology jobs.

"People here are more willing to change," said Jens Drews, spokesman for Advanced Micro Devices Inc. of California, which chose Dresden to build a $1.9 billion factory to design and manufacture microprocessors.

Similarities to the American business culture have helped draw a roster of American companies, Mr. Drews said. Americans now rank as the biggest foreign investors in Saxony, both in number and volume of investment.

For the Saxons, their greatest successes to dare lie in their disregard of wage equality in the West, a system that they charge feeds an unemployment rate in the East of 18.2 percent, double the Western rate of 9.5 percent.

Organized labor in West Germany is concerned about Dresden's latest rebellion. After years of loosening the grip of IG Metall, the powerful union in the West, the Saxon Metalworkers Employers Federation wants to break free altogether. In an agreement with a small rival union, the Christian Metalworker Federation, the employers group forged a contract of elastic wages and terms that allows 20 percent cuts in labor costs from IG Metall's levels.

Seeking to preserve its wage-setting "monopoly," IG Metall sued in a West German court, seeking to nullify the contract, said IG Metall's chief spokesman, Joerg Barczynski. The union argues that a "tiny" union has no right to set wage benchmarks for the whole region.

"The IG Metall contract just does not fit here," said Andreas Winkler, head of the employer federation. IG Metall last month delayed the next hearing on the issue, fearful of a precedent-setting defeat, Mr. Winkler said. "IG Metall is afraid that the new methods in the East could be successful," he said.

"People in Bonn and the old states can only dream of what we already have in terms of mobility, flexibility and new thinking," Mr. Schommer said.

TRAVEL UPDATE

Singapore Airport's Fast Lane

SINGAPORE (Reuters) — Frequent travelers residing in Singapore will be able to clear immigration at Changi airport in seconds starting next week, the Immigration Department said Wednesday.

Starting Monday, travelers can apply for a Checkpoint Access Card, costing 30 Singapore dollars ($18), that will use thumbprints and scanning technology.

The new high-speed rail link between Paris and Brussels was inaugurated Wednesday by King Albert II and Queen Paola of Belgium. The service, known as Thalys, will open to the public Sunday. *(AFP)*

The Louvre museum in Paris reopened to the public Wednesday after museum guards and reception staff agreed to end a strike in support of a grievance by workshop employees. *(AFP)*

Tel Aviv trash collectors agreed to return to work, ending a two-week strike over privatization plans. *(AFP)*

In Wake of TWA Inquiry, Boeing Plans Changes in Design

By Matthew Wald
New York Times Service

BALTIMORE — In an effort to prevent explosions like the one that caused the crash of TWA Flight 800, officials at Boeing Co. say that the design of the company's jetliners needs to be changed to guard against the build-up of flammable fumes.

Although the cause of the explosion on the Boeing 747 has still not been determined, the company's statement Tuesday was a clear departure from a 40-year-old principle of commercial aviation design.

Until now, Boeing and other manufacturers had designed planes to keep all possible ignition sources of an explosion — electrical sparks or spots of extreme heat — away from flammable fuel vapors, an approach endorsed and enforced by the federal government. But Tuesday, the manufacturer said that approach was not sufficient and that it was researching possible ways of reducing the accumulation of dangerous vapors in fuel tanks.

Boeing's statement, which came on the second day of hearings by the National Transportation Safety Board into the July 1996 crash that killed 230 people, was echoed by federal aviation regulators.

This put both Boeing and the regulators more closely in line with safety board investigators who have demonstrated recently that explosive conditions are far more common than many people had believed.

"I don't know when the last time was that we had a shift like this," said Douglas Webb, a spokesman for the company, which is the world's dominant producer of civil aircraft.

Daniel Cheney, a Federal Aviation Administration expert in propulsion systems, said that "ever since aviation began," designers had simply assumed that the fuel tanks held a flammable mixture and had designed planes to prevent sources of ignition.

That assumption "has been successful but not successful enough," he said. Now, he added, the government and airlines would look for ways to reduce the flammability of vapor in the tanks.

Stuart Matthews, president of the Flight Safety Foundation, a nonprofit group, said Boeing's statement was significant.

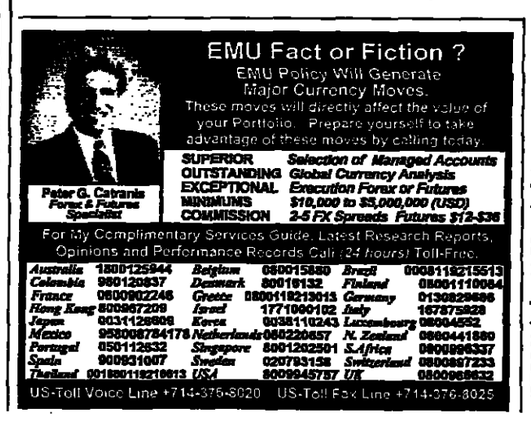
The investigators are acknowledging that they do not know the cause of the crash, Mr. Matthews said, "but they decided, belts and braces are better than just belts."

In fact, the hearings have not thus far shed much light on the question of what set off the tank. Investigators have laid out how a delay on the ground at Kennedy International Airport, on a hot July night, meant that heat from the air conditioning system warmed the fuel to the point where the fumes reached an explosive concentration.

But the statements move two key players a long way toward the safety board's long-held position that while the cause of the explosion is still a mystery, steps should be taken to cut the chance that a spark could set off an explosion. In particular, the safety board has urged that a system be devised to inject an inert gas into the center fuel tank as it is emptied to prevent the buildup of explosive gases.

But the Federal Aviation Administration, Boeing, the airlines and independent aviation experts all remain leery of injecting inert gas. That is done on some military planes, but no commercial systems exist for doing it on civilian planes, experts said, and installing systems to do so would be slow and costly, and could introduce new safety hazards.

Whatever system is ultimately chosen will apply not only to planes still on the drawing board but also to the thousands already in service.



WEATHER

Europe

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Algarve	19/66	14/57 c	19/66	12/53 pc
Amsterdam	8/46	4/39 r	7/44	0/32 c
Ankara	3/37	-5/24 pc	4/39	1/34 sh
Athens	13/55	9/48 pc	16/61	13/55 c
Barcelona	18/64	12/53 c	14/57	4/39 pc
Belgrade	7/44	4/39 sh	11/52	4/39 r
Berlin	3/48	6/43 c	7/44	-1/31 c
Brussels	9/48	7/44 r	7/44	0/32 sh
Budapest	8/46	6/43 sh	10/50	2/36 c
Copenhagen	6/46	3/37 r	4/39	1/34 c
Costa Del Sol	21/70	13/63 pc	19/66	11/52 pc
Dublin	10/50	4/39 r	7/44	4/39 pc
Edinburgh	6/43	0/32 sh	5/41	2/36 pc
Florence	13/55	13/55 c	13/55	5/41 r
Frankfurt	8/46	4/39 sh	5/41	-2/29 c
Geneva	9/48	6/43 r	7/44	0/32 r
Helsinki	1/34	-3/27 sf	-2/29	-4/25 c
Istanbul	10/50	6/43 pc	13/55	12/53 c
Kiev	-1/31	-1/31 sn	1/34	-1/31 sn
Las Palmas	25/77	19/66 s	24/75	19/66 s
Lisbon	18/61	12/53 sh	18/61	10/50 s
London	12/53	5/41 r	9/48	1/34 pc
Madrid	14/57	9/48 pc	11/52	4/39 pc
Mallorca	19/66	13/55 c	17/62	4/39 sh
Milan	11/52	7/44 sh	11/52	1/34 c
Moscow	-5/24	-9/22 sn	-4/25	-9/22 sn
Munich	6/43	3/37 r	6/43	-4/25 r
Nice	18/64	14/57 c	16/61	6/43 pc
Oslo	5/41	3/37 r	1/34	-4/25 c
Paris	11/52	4/39 sh	5/41	-3/27 c
Prague	6/43	4/39 r	5/41	-4/25 sn
Reykjavik	2/36	-1/31 sn	0/32	-1/31 c
Riga	2/36	1/34 sn	1/34	-1/31 sn
Rome	14/57	13/55 pc	17/62	4/39 c
St. Petersburg	-1/31	-5/22 sn	-2/29	-3/27 sn
Stockholm	3/37	1/34 sn	1/34	-2/29 sn
Strasbourg	10/50	6/43 r	7/44	-1/31 r
Tallinn	2/36	-2/29 c	1/34	-2/29 sn
Tbilisi	4/39	-3/27 pc	6/43	-2/29 pc
Venice	11/52	8/46 c	12/53	3/37 c
Vienna	8/46	8/46 c	9/48	-1/31 c
Warsaw	7/44	4/39 r	6/43	1/34 c
Zurich	9/46	5/41 r	6/43	0/32 r

Middle East

Abu Dhabi	29/84	20/68 pc	28/79	14/57 s
Beirut	21/70	15/59 pc	19/61	11/52 r
Cairo	20/68	9/48 s	17/62	8/46 pc
Damascus	19/64	5/41 c	12/53	5/41 r
Jerusalem	11/52	5/41 pc	12/53	-4/39 pc
Luxor	22/71	7/44 s	24/75	3/37 s
Riyadh	23/73	10/50 s	23/73	10/50 s

Africa

Algiers	19/66	11/52 pc	20/68	7/44 c
Cape Town	26/79	14/57 s	30/86	19/66 s
Casablanca	22/71	11/52 s	20/68	12/53 pc
Harare	27/80	8/46 pc	29/82	8/46 pc
Lagos	31/88	23/73 pc	31/88	23/73 pc
Nairobi	27/80	14/57 pc	27/80	13/55 s
Tunis	18/61	11/52 pc	22/68	12/53 s

Forecast for Friday through Sunday, as provided by AccuWeather.

North America
A weak storm will rain in Florida Friday and along the East Coast as far as Virginia Saturday, then head out to sea. Cold Friday and Saturday from the Great Lakes to the southern Plains, but mainly dry. Flurries in the Northeast, but sunny and warmer in the West.

Europe
Partly to mostly sunny and quite mild Friday to Sunday across most of England, but there may be showers in Scotland. Some showers of rain and wet snow across Scandinavia Friday, then turning colder this weekend. Dry and cold across Russia. Dry and seasonable in central Europe.

Asia
Milder in Beijing Friday through the weekend; it may shower Saturday. Chilly in Tokyo Friday, then milder over the weekend. Taiwan to Hong Kong and on west into south-central China will be cloudy with drenching rain. Mainly dry and a bit milder in Korea, but it may shower Sunday.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather.

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Asia

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Almaty	6/48	1/34 sh	9/48	0/32 sh
Bali	33/91	23/73 pc	33/91	22/71 pc
Bangkok	31/88	19/66 pc	30/86	21/70 pc
Beijing	-1/31	-9/18 s	4/39	-9/22 s
Bombay	29/84	16/61 s	28/82	18/64 s
Calcutta	24/75	13/55 s	23/73	13/55 s
Chiang Mai	34/75	15/59 c	27/80	19/61 c
Colombo	30/86	23/73 r	30/86	22/71 sh
Hanoi	19/64	14/57 c	21/70	17/62 c
Ho Chi Minh	33/91	22/71 pc	32/89	22/71 c
Hong Kong	17/62	16/61 sh	20/68	13/62 c
Islamabad	23/73	8/46 c	14/57	8/46 r
Jakarta	28/82	23/73 r	28/82	24/75 r
Karachi	27/80	13/55 pc	26/79	14/57 pc
K. Lumpur	32/89	22/71 sh	31/88	22/71 r
K. Kinabalu	28/82	23/73 sh	28/82	23/73 sh
Manila	30/86	21/70 pc	30/86	21/70 c
New Delhi	21/70	6/43 pc	23/73	7/44 pc
Phnom Penh	31/88	22/71 pc	30/86	22/71 c
Phuket	31/88	19/66 pc	30/86	21/70 pc
Rangoon	29/84	19/66 pc	30/86	19/66 pc
Seoul	-4/25	-13/9 pc	-1/31	-8/22 c
Shanghai	7/44	-1/31 s	6/43	-1/31 c
Singapore	28/82	22/71 r	27/80	22/71 r
Taipei	16/61	14/57 r	18/64	12/53 r
Tokyo	8/46	7/44 s	9/48	6/43 s
Yerevan	29/82	14/57 pc	29/82	16/61 pc

North America

Anchorage	-3/29	-9/15 sn	-7/20	-12/11 sn
Atlanta	6/43	-1/31 c	4/39	-1/31 c
Boston	3/37	0/32 sn	3/37	-2/29 pc
Chicago	1/34	-4/25 sf	1/34	-6/22 c
Dallas	8/46	-3/27 c	4/39	-5/24 sf
Denver	0/32	-10/15 s	0/32	-9/16 pc
Detroit	1/34	-6/22 sf	2/36	-5/22 c
Honolulu	23/73	16/61 pc	26/79	18/64 pc
Houston	9/48	1/34 pc	6/43	-4/25 r
Los Angeles	21/70	9/48 s	22/71	9/48 s
Miami	29/82	20/68 t	28/79	19/66 c
Minneapolis	-3/27	-10/15 c	-2/29	-7/20 pc
Montreal	-1/31	-11/13 pc	-2/29	-9/16 sf
Nassau	29/84	22/71 pc	28/82	21/70 c
New York	4/39	1/34 sh	4/39	1/34 pc
Orlando	24/75	13/55 t	22/71	13/55 sh
Phoenix	18/59	2/35 s	14/57	4/39 s
San Fran.	15/61	9/48 s	15/59	7/44 pc
Seattle	10/50	3/37 pc	9/48	3/37 pc
Toronto	0/32	-6/22 sn	0/32	-7/20 pc
Vancouver	10/50	4/39 pc	13/55	8/46 pc
Washington	7/44	1/34 c	6/43	2/36 pc

Latin America

Buenos Aires	29/84	21/70 r	24/75	20/68 t
Caracas	28/82	19/64 s	27/80	21/70 s
Lima	27/80	19/66 pc	26/79	21/70 c
Mexico City	22/71	6/43 pc	14/57	4/39 r
Rio de Janeiro	29/77	21/70 r	27/80	22/71 c
Santiago	28/79	11/52 sh	22/71	8/41 pc

Oceania

Auckland	18/64	9/48 s	18/64	10/50 s
Sydney	24/75	16/61 s	26/79	18/64 s

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SINGAPORE	S$	146	82	44%
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THE AMERICAS

FBI Chief Tries to Soothe Republicans Over Memo to Reno

The Associated Press

WASHINGTON — Louis Freeh, the FBI Director, told a House panel Wednesday that he would like to avoid a dispute with Republican lawmakers about an internal memorandum calling for the appointment of an independent prosecutor in the campaign-finance case, and he said he might be able to provide more details about the document.

Mr. Freeh told the House Government Reform and Oversight Committee that Attorney General Janet Reno had asked him to tell the panel "that her lawyers would be pleased" to discuss the issue with the committee's chief counsel, Richard Bennett.

"I think for the good of the process and because I wrote the memo, it's much more preferable for us to work that out," Mr. Freeh said of the dispute over the document, which the panel had subpoenaed from the Justice Department.

Ms. Reno, who ruled against Mr. Freeh's recommendation that she seek an independent counsel to investigate fund-raising calls by President Bill Clinton and Vice President Al Gore, defended her decision at hearings Tuesday.

Representative John Mica, Republican of Florida, who on Wednesday repeated his threat to seek contempt citations against Ms. Reno and Mr. Freeh for disobeying the subpoena, told Mr. Freeh, "I was glad to hear your statement this morning" signaling a willingness to work out the dispute.

Mr. Freeh did not give details of how the Justice Department might seek to resolve the issue. But the FBI director said the agency hoped to avoid circumstances that "impact adversely on what you expect to get from us," while allowing the Justice Department "to protect some critical parts of an ongoing case."

Representative Dan Burton, Republican of Indiana, the panel's chairman, said a contempt citation was moot because of "the negotiations that will be taking place."

He declined to give details saying "members of the committee will be informed before we contemplate taking any action."

Despite their disagreements over an independent counsel, Ms. Reno and Mr. Freeh agreed that the FBI director's memo explaining his recommendation should not be released as they pursued investigative leads in high places.

Mr. Freeh said his agents had never been turned down in requesting to interview top Clinton administration officials, but he complained that there had been many delays in getting documents from the White House. "I'm not confident we have all the documents yet," he said.

Information contained in Mr. Freeh's memo could be helpful to potential targets of the investigation, said the attorney general and the FBI director.

The committee is also focusing on the Justice Department in an investigation of a former Agriculture Department chief of staff who was convicted in a case brought by Donald Smaltz, an independent counsel.

Mr. Smaltz — who was expected to testify after Mr. Freeh — complained that the Justice Department decided not to prosecute Ronald Blackley, who was chief of staff for former Agriculture Secretary Mike Espy. Mr. Smaltz also said the Justice Department opposed Mr. Smaltz's court application to prosecute Mr. Blackley, who was convicted of three counts of lying to hide $22,000 he received from agribusiness concerns in Mississippi that received $400,000 in federal subsidies.

"There was never any effort to obstruct his investigation," Ms. Reno told the panel. "And I regret that he even has concerns that there were." Besides, she added, Mr. Smaltz's subsequent prosecution of Mr. Blackley was on different charges than those pursued by Justice Department.

Regarding the fund-raising investigation, Mr. Burton tried to get Mr. Freeh to say that he based his recommendation on the belief that Ms. Reno had a conflict of interest in investigating top administration officials.

Instead, Mr. Freeh repeated several times: "There were several bases for my decision."

He tried to assure skeptical Republicans that "no area of this investigation is closed," including telephone fund-raising by Mr. Clinton and Mr. Gore. He said those calls like many other transactions continue to be looked at under laws other than the 114-year-old statute that Ms. Reno concluded they did not violate. That statute prohibits soliciting contributions in federal offices.

"The FBI is not being impeded in any way in conducting this investigation," Mr. Freeh said.

Louis Freeh making a point Wednesday during testimony before the panel.

In Bombing Trial, Defense Focuses on Mystery Man

By Jo Thomas
New York Times Service

DENVER — Morris John Kuper Jr. was late for work. Mary Martinez was stopped at a red light. Darvin Bates had just hired a dishwasher at his waffle shop.

It was at these moments, days and miles apart, that each person would later testify that he or she saw a man resembling John Doe No. 2, the Oklahoma City bombing figure who has never been identified and may not even exist.

But John Doe No. 2 has always been in the background of the case. Now lawyers for Terry Nichols, charged with murder and conspiracy in the April 19, 1995, bombing that killed 168 people, have brought John Doe No. 2, and the people who say they saw him, to center stage.

Some of their stories seem contradictory, and others seem impossible. But Mr. Nichols's lawyers appear to hope that convincing jurors of the existence of John Doe No. 2 will cast enough doubt on the government's circumstantial case to acquit their client.

Timothy McVeigh, who was convicted on charges identical to those against Mr. Nichols and sentenced to death, was helped by John Doe No. 2, and possibly others, defense lawyers say, but not by Mr. Nichols.

The government handed Mr. Nichols's lawyers this defense, when, in the weeks after the bombing, they circulated a wanted poster they identified as John Doe No. 2.

The first description of John Doe No. 2, along with an accurate description of Mr. McVeigh, came from a mechanic who worked at the Junction City, Kansas, shop where on April 17, Mr. McVeigh rented the truck that carried the bomb.

John Doe No. 2, thick-necked, square-jawed and dark, became one of the most recognized "wanted" faces in America. Federal agents and police officers questioned dozens of look-alikes and received more than 10,000 tips.

By June 1995, however, investigators realized they were mistaken. The description matched a soldier with no connection to the bombing, Private Todd Bunting of the army, who had come into the truck rental shop the day after Mr. McVeigh. Prosecutors conceded that others might have been involved, but said there was no John Doe No. 2.

Those who said they saw him, prosecutors have said, might have seen other soldiers from nearby Fort Riley, Kansas, with other Ryder trucks, or they may have been influenced by having seen the wanted poster.

Lawyers for Mr. Nichols contend that, once they had arrested Mr. McVeigh and Mr. Nichols, federal investigators lost interest in other suspects and turned a deaf ear to witnesses with other information. So Mr. Nichols's lawyers decided to call these witnesses instead.

Darvin Ray Bates, once the mayor of Waurika, Oklahoma, told the jury that about a month after the bombing, he hired a drifter to work as a dishwasher at his Old South Waffle Shop, in Duncan, Oklahoma, about 75 miles (120 kilometers) southwest of Oklahoma City. The man, who Mr. Bates called John, disappeared after Mr. Bates told him he looked exactly like John Doe No. 2.

Mr. Bates said that when he called the FBI, an agent "stated they had the two arrested that they needed in the case, and if they needed additional information they could call me." They never did, he said.

Mr. Kuper, a computer specialist, said he called the FBI on April 21, two days after the bombing, to describe two men he saw getting into an old car across the street from his parking lot at Kerr-McGee Corp., an hour before the bombing at 8:02 A.M. One of the men looked like Mr. McVeigh, the other could have been John Doe No. 2. It was months, he said, before he was interviewed by the FBI.

Mrs. Martinez, an obstetrical nurse, said she was stopped at a red light in Junction City on the morning of April 17, two days before the bombing, and noticed a large Ryder truck waiting to turn left on the other side of the intersection. The driver, she said, looked like Mr. McVeigh. She said the passenger appeared to be Mexican.

Latinos Shun California Republicans

By Todd S. Purdum
New York Times Service

LOS ANGELES — The California Republican Party, the mighty army that helped propel Richard Nixon and Ronald Reagan to the White House, now finds itself facing a big problem: It is rapidly losing ground among the fastest-growing group in the electorate of the biggest state, Hispanic voters.

Expressed in either English or Spanish, the arithmetic is clear: By 2025, the Census Bureau projects that the Hispanic share of California's population will rise to 43 percent, from just under 30 percent now. That will be an increase of some 12 million people and the largest such gain in the United States.

By 2000, Hispanic residents are expected to account for nearly 30 percent of the voting-age population, although citizenship, voter registration and participation lag well behind that level.

Republicans, burned by a backlash against Governor Pete Wilson's strong stands against illegal immigration and affirmative action, have seen their share of the Hispanic vote slide sharply.

When he was first elected in 1990, Mr. Wilson won about 44 percent of the Hispanic vote. That dropped to 25 percent in 1994 when he campaigned aggressively for Proposition 187, a measure to cut off public services to illegal immigrants that was passed by voters but has since been blocked in federal court.

There was a political case to be made for his stance: Mr. Wilson, his popularity buffeted by the state's economic downturn, was trying to solidify his base among white voters in what initially seemed like a close race for re-election against the state treasurer, Kathleen Brown. He was also exploring a campaign for the presidency and his position on illegal immigration was widely considered a potential plus among conservative Republican primary voters.

But now Mr. Wilson's short-term strategy seems to be causing long-term headaches for his party. At least one statewide poll shows Dan Lungren, the state attorney general and the Republicans' presumptive nominee for governor next year, drawing only about 14 percent of the Hispanic vote.

That is an ominous prospect for any party in a state that is poised to become the first on the mainland where non-Hispanic whites are a minority. The national implications for the party are also sobering, both because of California's electoral importance as the largest state and because of growing Hispanic populations in states from Texas and Florida to New Jersey and Illinois.

"The trend is obvious and the political danger is real," Stuart Spencer, one of the state's most respected Republican strategists, warned in an open memo to party leaders 10 days ago. He wrote that the party risks "political suicide and dooms itself to permanent minority status in California" if it does not reach out to Hispanic voters.

Nationally, about a million more Hispanic voters turned out in 1996 than in 1992, and Mr. Spencer is not alone in his determination to keep California, so often a national bellwether, from setting the pattern for the national party.

Many Republicans are concerned that a California ballot proposal to end bilingual education in the public schools, which is sponsored by Ron Unz, a multimillionaire software entrepreneur and former Republican gubernatorial candidate, will further alienate Hispanic voters.

Party regulars endorsed the measure, which is expected to qualify for the ballot next year, at their state convention this fall.

The problem is all the more frustrating to many Republicans because the party has shown in recent contests that it can make inroads among Hispanic voters. Mayor Richard Riordan of Los Angeles, a Republican, won re-election last spring with the support of 60 percent of Hispanic voters.

Away From Politics

- **To the cheers of onlookers,** a New York man who was about to have his car hauled away for double parking jumped into the tow truck and sped off with his Chevrolet Celebrity trailing. Police found the $47,000 tow truck, but are still looking for the man. *(AP)*
- **A one-day strike left about 90 percent** of Chicago's 5,700 cabs idle as drivers protested a proposal to increase penalties for cabbies who turn down customers or refuse to drive in certain neighborhoods. Six cabbies have been slain over the past year. *(AP)*
- **Two-thirds of U.S. hospitals** that treat mental patients "dump" those who are unable to pay on other facilities, a study found. *(AP)*
- **An attempt to perform an uncommon** but permissible sharp right turn led to the September crash of a B-1B bomber that killed all four people aboard, the air force concluded. *(AP)*
- **A 7-year-old boy who was at an** Inglewood, California, park registering for a basketball league was shot and killed, and his infant brother was wounded. They were caught in the crossfire of what the police believe was a gang-related shooting. *(AP)*
- **A drifter who said he would have kept** on killing if he had not been caught was executed in Huntsville, Texas, for killing a police officer. Texas was one of three states that had sentenced Michael Lee Lockhart, 37, to die. *(AP)*

POLITICAL NOTES

Public Evenly Split On Special Counsel

NEW YORK — The American public is evenly divided over whether an independent counsel should be appointed to investigate Democratic fund-raising activities, according to the latest New York Times/CBS News Poll.

Forty-six percent of 1,016 adults interviewed Saturday through Monday said that an independent counsel should be appointed, while a statistically indistinguishable 49 percent said the investigations now being conducted by Congress and the Justice Department were enough.

The nationwide telephone poll had a margin of sampling error of plus or minus three percentage points.

There is a strong strain of partisanship in the public's feelings on this issue. Two-thirds of Republicans in the poll favor an independent counsel, while two-thirds of Democrats say the current investigations are sufficient. *(NYT)*

Clinton Speaks Out On Human Rights

NEW YORK — President Bill Clinton says that promoting human rights around the world will continue to be a "central pillar" of U.S. foreign policy.

In a speech to diplomats and human rights activists, Mr. Clinton defended his administration's record in fighting for freedom and democracy overseas by pointing to interventions in such strife-torn nations as Bosnia. And he warned that "human rights are still at risk from Burma to Nigeria, from Belarus to China."

"We continue speaking out for human rights without arrogance or apology," Mr. Clinton said at a reception marking the anniversary of the Universal Declaration of Human Rights. "As long as America is determined to stand for human rights, then free people all around the world will choose to stand with America."

The White House viewed the president's remarks as the most comprehensive exposition yet of his views of the nexus between human rights and foreign policy, as one senior official put it, and a reaffirmation of his commitment to those issues in his dealings with foreign leaders. *(WP)*

Quote/Unquote

Don Eberly, director of the Civil Society Project, a nonprofit research group in Harrisburg, Pennsylvania, on the decline of civility even at the local level of U.S. political life: "There was this romantic view that local institutions would reflect the local consensus. In fact, they tend to reflect the same divisions that exist in the larger society. We're seeing a devolution of society's culture wars." *(NYT)*

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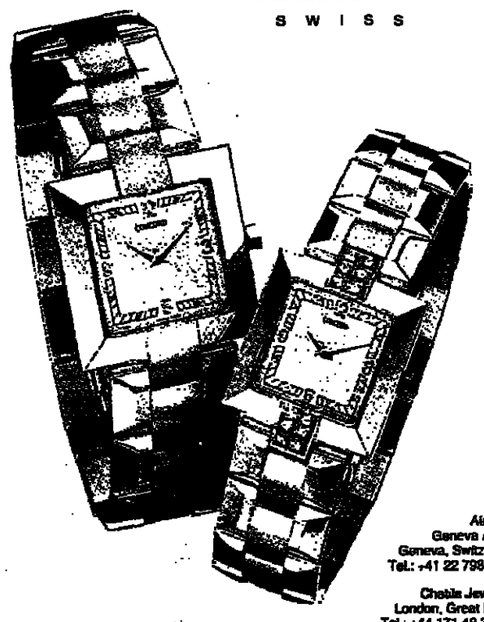

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ASIA/PACIFIC

2 Issues Hold Up Breakthrough to a Climate Treaty

By Joby Warrick and Kevin Sullivan
Washington Post Service

KYOTO, Japan — U.S. and European officials said Wednesday that negotiators were on the cusp of agreement on a historic treaty to combat global warming as a contentious 159-nation climate conference here continued into an extra day.

The officials said they had made significant progress on an array of issues, especially among several key participants: the United States, the European Union and Japan. And, after 10 days of intensive wrangling, there was broad agreement that the conference would conclude with an accord that calls for the world's industrialized nations to make legally binding cuts in emissions of the "greenhouse gases" that many scientists contend cause global warming.

[But two major issues were holding up agreement Thursday morning, news agencies reported. They were a section involving commitments by the developing world to the global warming fight and the use of so-called emissions trading under which countries could sell "pollution" rights under their agreed emissions levels.

[Developed countries, particularly the United States, fought for the preservation of language on voluntary participation of developing countries in the reduction of greenhouse gases. Developing countries wanted the paragraph out because they say they should not take part in reductions at this time while their economies are still growing.

[On the issue of emissions trading, a Chinese delegate said that no one should seek to tell the conference "you agree to this now, we will tell you tomorrow or next year" how it works. "That is not a serious attitude."]

There was more optimism Wednesday morning after progress was made between the United States and other delegates.

"As the sun has risen over Kyoto this morning, we have reason to be optimistic," said Senator Joseph Lieberman, Democrat of Connecticut, a prominent participant in the talks. "We have made significant steps forward in the long march to protect our Earth and its people." Although details of the final agreement were unclear Wednesday afternoon, several officials said it would call for the United States to make significantly deeper cuts in gas emissions than originally proposed by President Bill Clinton, who called for reducing such emissions to their 1990 levels by 2012.

Wednesday, Representative Henry Waxman, a California Democrat who is observing the negotiations, said the United States was close to agreement on a further reduction of at least 6 percent below the 1990 levels.

Mr. Waxman said the EU was ready to match the U.S. cut, a sharp shift from its original proposal to cut 1990 emissions levels by 15 percent. Japan, another important player in the negotiations, would cut its emissions by at least 5 percent, Mr. Waxman said. He added that all those figures were minimums and that cuts could be deeper when a final agreement emerges.

As the broad outlines of a deal emerged Wednesday afternoon, some U.S. environmentalists hailed the news as a victory, while representatives of steel, coal, electric-power and other industries that create most greenhouse gases said they were bitterly disappointed.

"It's not everything we hoped for" but it is a "huge accomplishment in terms of protecting the environment," said John Adams, executive director of the Natural Resources Defense Council.

"They're in a free fall; the only salvation for jobs in the U.S. is when this thing ends," said William O'Keefe, chairman of the Global Climate Coalition, a group of powerful American industries that have spent millions of dollars to block any legally binding treaty on global warming.

Mr. O'Keefe said the weary delegates in Kyoto had given in to the temptation to reach an agreement — any agreement — without stopping to consider the consequences.

But reaction on both sides was far from uniform, even among allies. Some environmentalists complained that the compromise proposal contained many loopholes that could undermine efforts to fight global warming. "The objective here is to reduce greenhouse gases, and we're not convinced that this agreement would do that," said Adam Markham of the World Wildlife Fund.

Mr. Markham said the agreement as it now stands would allow U.S. companies to engage in projects aimed at reducing emissions in developing countries without cutting their own emissions at home.

Reuters

A Russian commando taking position to seize the hijacker Wednesday.

Commandos in Moscow Seize Hijacker of Russian Airliner

Reuters

MOSCOW — Russian commandos seized a man who hijacked a Russian passenger plane with about 140 people aboard Wednesday and freed the passengers and crew, the head of the Federal Aviation Service said.

The official, Gennadi Zaitsev, said that the hijacker was detained when he emerged from the Ilyushin-62 airliner for talks after it landed at Sheremetyevo Airport outside Moscow. Asked whether the hijacker was armed, Mr. Zaitsev said: "He was wired up." He appeared to be referring to explosives.

Although the Interfax press agency identified the hijacker as a 60-year-old pensioner, officials did not confirm the report.

The plane was hijacked en route from Magadan to Moscow.

YELTSIN: *He Is Said to Have More Heart Trouble*

Continued from Page 1

One of the two informed sources, a diplomat, said it appeared that Mr. Yeltsin had suffered a heart attack "or something close to it." The source did not have further information but said it appeared Mr. Yeltsin was far more seriously ill than the Kremlin announcement suggested.

The second source, who is close to the government, also said the outlook was very serious and that Mr. Yeltsin did not just have a cold. He said the information about Mr. Yeltsin was being kept "secret."

A third official, a Western diplomat, said it was known that Mr. Yeltsin had held phone conversations after being taken to Barvikha, which would suggest he was not incapacitated. But, this source said, the extent of his illness was not clear.

The Kremlin announced that Mr. Yeltsin had postponed plans to attend a "roundtable" on Thursday with other political leaders, including the Communists, to discuss their long-standing differences over whether Russia should allow land to be bought and sold.

Mr. Yeltsin also canceled plans to attend ceremonies Friday, a holiday to mark the 1993 Russian Constitution. He was to lay a wreath at the Tomb of the Unknown Soldier. However, Mr. Yastrzhembsky said Mr. Yeltsin planned to record a radio address for the holiday to be broadcast on Friday.

Mr. Yeltsin also put off earlier plans for a televised confrontation with some of his cabinet ministers on economic issues.

Mr. Yastrzhembsky said Mr. Yeltsin was not required to stay in bed, but must remain indoors, although he could continue to work and use the telephone.

News of Mr. Yeltsin's hospitalization sent jitters through the political and financial community in the capital. While some Russian corporate and state bond issues fell, the ruble remained stable Wednesday.

Russia has been on edge since the stock market plunge in late October because of an exodus of foreign investors and a loss of confidence in Russia as a market. The Russian market has lost 40 percent of its value from the October peak. However, officials have said the economy and currency appear to have stabilized some and investors were beginning to look again at the equities market.

Since Mr. Yeltsin's recovery from double pneumonia in the spring he has had a vigorous year. His bouts with heart trouble over the last few years often removed him completely from the political scene, and another prolonged absence would generate further uncertainty about Russia's course.

SUMMIT: *Turk Heads Home*

Continued from Page 1

this agreement will continue," he said.

A spokesman for the conference, Mohammed Javad Zarif, said an early departure from the summit meeting should not be misconstrued.

"I believe that heads of state have their own schedules and make time for various engagements," Mr. Zarif said. "And I think it should be seen in that light."

Still, Mr. Demirel's actions highlighted the divisions within the organization, a diverse group of 55 countries that are bound only by a common faith.

Arab states have strongly criticized two military agreements that Turkey signed with Israel in 1996, and that will be reflected in a resolution that the leaders are expected to endorse Thursday.

But in preparing the draft resolution, officials reached a compromise under which Turkey was not mentioned by name, even though the reference to it was obvious. No other Muslim nation has military ties with the Jewish state.

On Wednesday, leaders met in closed sessions to debate Turkey's relations with Israel and some of the other divisive issues in the region.

The Palestinian leader, Yasser Arafat, urged Muslim leaders to stop Israel from consolidating its rule over Jerusalem and declared that the peace process was a shambles.

"It has reached a dead end on all Arab negotiation tracks," he said in a speech. "This is because of the Israeli policies and positions, which reject the establishment of a just and comprehensive peace." Copies of Mr. Arafat's address were given to reporters.

Iran has long fashioned itself as a leading opponent of the Mideast negotiations, which the Iranian spiritual leader, Ayatollah Sayed Ali Khamenei, described in opening the summit meeting as "unjust, arrogant, contemptuous and, finally, illogical."

Many Arab countries, however, back the peace process, although they are increasingly frustrated with what they see as Prime Minister Benjamin Netanyahu's attempt to undermine agreements made by the previous Israeli government.

Some Arab delegates expressed unhappiness with the tone of Ayatollah Khamenei's criticism.

Despite the disputes, the summit meeting has been beneficial to Iran, which used it to emerge from international isolation. Ayatollah Khamenei and President Mohammed Khatami, have held a series of meetings with the leaders of Saudi Arabia, Kuwait, Qatar, Turkey and Malaysia.

The most tangible result has been a rapprochement between Iran and its bitter rival, Saudi Arabia.

After a meeting Tuesday between Crown Prince Abdullah ibn Abdulaziz of Saudi Arabia and Ayatollah Khamenei, the countries agreed to open the way for closer relations.

"The government of Iran has the will to expand ties with Saudi Arabia in different fields," Tehran radio quoted Ayatollah Khamenei as telling Prince Abdullah.

The statement was an unprecedented expression of friendliness toward Saudi Arabia by an Iranian spiritual leader. Ayatollah Khamenei's predecessor, Ayatollah Ruhollah Khomeini, called for bringing down the Saudi ruling family.

Prince Abdullah said he saw the potential for better ties with Iran.

"We should not look to the past," he was quoted as saying. *(AP, AFP)*

IRAN: *Curbing Nuclear Aid, China Displays Foreign Policy Shift*

Continued from Page 1

Clinton and Mr. Jiang presented as a pivotal moment giving security issues an important place in a bilateral relationship that has been dominated by trade, human rights and Taiwan.

With the administration now preparing to satisfy Congress that both Russia and China will curtail their help to Iran's weapons research, an account of U.S. diplomacy on the issue was provided by officials and former officials from the National Security Council, the State Department and the Central Intelligence Agency, who agreed to interviews on condition that they not be identified.

Barring a backlash in Congress, which often taxes the Clinton administration with being too lenient in dealing with Russia and China, the two accords are bound to be seen as substantial U.S. foreign policy successes.

The timing apparently was right to coax China into engaging with Washington on Iran, a State Department policymaker said, because "China is saying that it no longer wants to be seen as a rogue government on proliferation."

It is a reputation that Beijing has trouble living down, even though the days are long over when Chinese leaders seemed unworried about nuclear sales and even defended the idea as a way of undercutting what Beijing ideologues dubbed the "nuclear hegemony" of Washington and Moscow.

Chinese agreement to cut off the flow to Iran, when it came, was not clear in every detail. A State Department official said that China pledged to end all new nuclear cooperation with Iran, including activities covered by international safeguards. Beijing will continue two projects — a small research reactor and a related factory — that have no military applications.

Mr. Jiang also "promised not to sell any more cruise missiles after the current batch — whatever that means," the official said.

The conventionally armed cruise missiles are rated a serious threat to U.S. warships in the narrow neck of the Gulf. They also have political importance because Congress insists that advanced conventional weaponry be considered in assessing China's nonproliferation record.

Just as with Russia, the accord with China amounts to an arms control pact against proliferation but is a departure from Cold War agreements in which, typically, a signatory accepted ceilings on its missiles or tanks and agreed to verification by satellite surveillance.

This approach — essentially, "trust, but verify" — will not work in bilateral accords concerning a third country that does not want to cooperate. If Moscow and Beijing intend to end their help to Iran's covert programs, their performance can be verified only by what they are seen to be doing and by intelligence surveillance about the impact on Iran.

Moscow has promised to plug legal loopholes with new laws, including what U.S. diplomats call "the catchall clause," a provision outlawing weapons-related business with particular countries, even without a formal embargo.

China, which last month joined the so-called Zangger committee, a club of nuclear suppliers working against proliferation, will be expected to strengthen its export controls, which are, on paper, barely half as good as Russia's.

The problem, U.S. officials said, is that neither country's system is strong enough for Washington to accept the assumption that the authorities can fully control what companies do.

Equally illusory, a U.S. policymaker said, is "any idea that we can get some kind of skeleton key allowing us to poke into suspect defense facilities all over the place" in Russia or China.

So verification can only come from intelligence reports and a dialogue in which Russia or China is challenged about signs of leakage. This system will be the basis for certifying China as a nuclear customer, an imminent move.

France Cracks Pedophilia Internet Ring

Reuters

PARIS — More than 50 people have been detained across France in a crackdown on a pedophilia ring using the Internet to distribute sexually explicit photos of children, police said Wednesday.

The roundup was the culmination of an eight-month investigation, an official said. Five people, detained since the police operation began Tuesday morning, have been placed under formal investigation, the official said. The opening of a formal probe in France is necessary to bring someone to trial but does not imply guilt.

The people taken into custody were not casual surfers on the worldwide Internet computer network but were suspected of either taking, exchanging, stocking or selling explicit photos via the Internet. "It was a genuine paedophilia network," the official said.

Only French residents were targeted in the roundup, the official said, but information on the network's links to other countries will soon be transmitted to law enforcement authorities abroad.

KOREA: *Another Record Low for the Won*

Continued from Page 1

development bank, which lends money to South Korean companies on behalf of the government, must repay some $500 million in debt coming due this month.

Many securities analysts now doubt that the IMF bailout fund will be nearly enough to see the South Korean financial system through the first stage of its crisis, especially after the Finance Ministry said this week that the country's short-term debt totaled well over $100 billion, rather than the $70 billion that Seoul earlier reported.

"Most analysts believe they will need a second IMF package in the first part of next year," said Hank Morris, research director of Coryo Securities, a firm that went bankrupt. "They've almost run out of foreign reserves and are not in a position to replenish them." President Kim Young Sam was to read a statement Thursday morning accepting blame for the crisis and outlining measures to comply with the terms set by the International Monetary Fund for the bailout package.

The government sought Wednesday to counter suspicions that it might try to avoid some of the Fund's requirements for restructuring and closing down insolvent banks.

"Fulfillment of the IMF agreement is the only means of resolving the foreign-exchange crisis," the deputy finance minister, Chung Tok Kyu, said.

Finance Minister Lim Chang Yuel charged the newly closed merchant banks with "nearly paralyzing the entire financial system lately" by having "excessively depended" on high-interest short-term loans as a device for getting money in a hurry to pay off their own debts.

The five banks ordered to close until at least Jan. 31 were Nara Banking Corp., Daehan Investment Banking Corp., Shinhan Investment Bank Corp., Hanwha Merchant Bank Corp. and Central Banking Corp. Mr. Lim said they were driving companies to the brink of bankruptcy by demanding they pay off loans issued for periods ranging from one to 15 days.

The banks, extending loans at rates of about 25 percent, hoped to pick up the money they needed to pay off their own debts, which totaled about $700 million, Finance Ministry officials said.

The suspended merchant banks suffered from huge deposit withdrawals and scrambled to get overnight loans, Mr. Lim said, which caused the won's steep depreciation against the dollar.

The government assured depositors that their money was guaranteed but did not say when they could claim it. The government has established a deposit insurance corporation and a bailout fund for guaranteeing bad loans but has to issue bonds valued at $16 billion to cover both funds.

The state-owned Korea Broadcasting System, calling the merchant banks "the culprits of Korea's economic crisis," said they were "digging their own graves" by their use of what are known as "call loans."

Seoul has now suspended 14 of the country's 30 merchant banks, giving them until the end of this month to develop viable plans for doing business — or to merge with other banks.

Activities of nine merchant banks were suspended Dec. 2, the day before the IMF said the government had to close a number of debt-ridden financial institutions while giving foreigners greater access to financial markets.

Share prices opened sharply lower in morning trading Wednesday, but the government's announcement later helped bolster sentiment. The benchmark Korea Composite Stock Price Index rose 11.85 points, or 3 percent, to close at 399.85.

Blue-chip shares led the climb, but traders said uncertainty still prevailed because shares of smaller companies had continued to plunge amid concern that more companies would go bankrupt.

The dollar rose sharply to 1,563 won at the close of trading Wednesday from 1,460 won at the previous close.

DRAMA: *Complex Behind-the-Scenes Tale Unravels the Beginnings of Asia's Crisis*

Continued from Page 1

central to the drama.

First, the talk of a Japanese interest-rate increase raised fears among commercial bankers, investment bankers and others about the safety of big investment positions that were predicated on currency stability.

As these investors scurried to liquidate holdings in local currencies, the anxiety spread. Big foreign companies operating in the region became frightened, too, and scrambled to convert local revenues into dollars. Finally, local companies rushed to get yen and dollars. With everyone running for the exits, the Thai baht, the Indonesian rupiah and other regional currencies were trampled.

"Big movements in asset markets don't tend to happen unless all the actors move from one side of the ship to the other," said Peter Fisher, head of market intervention at the Federal Reserve Bank of New York.

Michel Camdessus, managing director of the International Monetary Fund, said in a speech in Malaysia on Dec. 2 that the IMF had been studying the impact of speculators in all this. "But from what we know so far," he said, "it would be a mistake to blame hedge funds."

Among the first to take the stage in the summertime drama were the bankers and treasurers, and a financial technique of theirs known by some as the carry trade.

For years, because of rock-bottom interest rates in Japan and low rates in the United States, banks, investment houses and insurers had borrowed in yen and dollars and put the proceeds into short-term notes in Southeast Asia that were paying far higher rates. These are the so-called carry trades.

The trades attracted so many investors because the Southeast Asian currencies had been stable for years. Still, they did not come without risks. Should foreign interest rates rise, or the currencies start to lose their value, the profits would diminish — or might turn into losses.

Just the threat of a Japanese rate rise was enough to cause some investors to unwind their positions. That meant they sold their Asian notes and, in the process, the local currencies.

"If you had 50 banks doing it, that could create some pressure," said David Puth, head of foreign exchange in New York for Chase Manhattan, which had been involved in carry trades. "There are big forces in the market that are totally separate from speculators making a bet."

American companies that do big business in Asia, such as Dell Computer Corp., added to the pressure as they rushed to protect themselves against further declines in the value of the local currencies in which they were paid. They did this by hedging, which allows an investor to lock in an exchange rate.

Mutual funds, such as the T. Rowe Price New Asia Fund, moved, too, selling Asian securities and converting the proceeds back into dollars, further driving down the value of Asian currencies.

But chief among the participants were the many local companies and banks in Thailand, Singapore, Malaysia, Indonesia and South Korea that had borrowed billions of dollars at low rates abroad. Some used that money to expand; many banks used it for lending in overheated real-estate markets.

As their currencies fell in value, the amount the companies and banks owed in dollars and yen skyrocketed. To make their payments, these players also scrambled to get into dollars or yen.

What makes a currency move "is the enemy within, the corporates," said Chris Tinker, regional head of economics and debt research at ING Barings Asia in Hong Kong. Mr. Camdessus of the IMF said, "The most important factor in the depreciation of exchange rates was the rush by domestic corporations to buy foreign exchange."

The underlying cause of the rout, Mr. Camdessus said in his speech, was the mistaken faith of millions of investors in the stability of the smaller Asian currencies. Such misplaced faith makes the Asian decline similar in its origins and its unfolding to the European currency crisis of 1992 and 1993, when sudden, surprising declines in the pound, the lira and other currencies ended a long period of stability there.

In Southeast Asia, the frame of mind that led investors to rely on the stability of currencies was shaped by the prevalence of "pegs" — direct and indirect — that local governments put in place to tie, or effectively fix, their currencies to the movements of the dollar.

So certain were many investors of that stability that they refused to pay the cost of insurance, through hedging, against a currency fall.

"You had banks and financial institutions that believed so much in the peg because they made money on the peg," said Ang Thiam Huat, the group treasury manager at NatSteel Ltd. in Singapore.

"So over time, it is deemed to be riskless," he said. "Peer-group pressure in the financial community is so strong that if you said it was risky, people would look on you as an outcast."

But a currency trader based in Singapore for a major U.S. investment bank, who spoke on condition of anonymity, said: "Nobody is going to admit that they did not hedge well. We have people who are still lying about their exposure."

TENSIONS: *U.S. Rejection of Seoul's Appeal Adds to the Storm*

Continued from Page 1

financial superpower to which every country would turn in time of extraordinary distress.

He has spent three years shifting that role to the IMF, the World Bank and other institutions — and insisting that countries agree to sharp fiscal discipline before receiving aid.

In Korea, though, that approach may be about to face its first critical test.

Talks began this week in Geneva over a peace treaty that will finally end the Korean War, and the United States has a lot riding on a stable and prosperous South Korea.

If the country's financial health continues to deteriorate, the diplomatic pressure on Washington to step in could become excruciating.

Moreover, the economic cost if the IMF fails to rescue South Korea could be enormous.

"We have regarded Korea as a firewall that could not be breached," an administration official involved in the internal debate over what to do next said several days ago.

"It is not at all clear that we can just say to the Koreans: 'Hey, we've done what we can. The rest is up to you.' "

The problem is not just South Korea, the world's 11th-largest economy. Other dominoes are teetering, too. Russia is rumored to be quietly exploring whether it will need a bailout, although it insists it can survive on its own — exactly what South Korea said until three weeks ago, when it began to admit the depths of its troubles.

Japan, U.S. officials say, refuses to face up to the pain it will have to endure to pull out of a seven-year downturn that threatens to worsen.

In public, officials trying to calm the markets are putting the most optimistic spin on events that they can, suggesting that the run of bankruptcies and bailouts is gradually slowing. In private, however, few are so sanguine.

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EUROPE

Bosnia Talks End With a Walkout

Kosovo Issue Mars 51-Nation Meeting

By Alan Cowell
New York Times Service

BONN — An international gathering supposed to promote peace in Bosnia ended here Wednesday with a walkout by Yugoslav and Bosnian Serb delegates and a renewed threat of firmer action including economic sanctions to press Bosnia's hostile ethnic factions into unity.

The Yugoslav and Bosnian Serb delegates abandoned the two-day gathering of the so-called Peace Implementation Council, established after the 1995 Dayton peace accord, to protest a reference in its final communiqué to "increasing ethnic tensions" in Kosovo — a region of the rump Yugoslavia ruled by Belgrade to the resentment of a restive and volatile ethnic Albanian majority.

The protesters said the Bosnia conference had no mandate to discuss the situation in Kosovo. Dragomir Vucicevic, director of the Yugoslav Foreign Ministry, called the reference to Kosovo an interference in his country's internal affairs.

The walkout came shortly before the end of the annual conference, which grouped 51 nations including the United States and Russia, and 21 international agencies.

Russia, the United States and Germany had all supported the idea of using the conference to issue a warning about Kosovo, which many outsiders see as a tinderbox of ethnic passions that can only be made more flammable by heavy-handedness from Belgrade.

Without specifically mentioning the Yugoslav authorities, the communiqué urged "those concerned" to "refrain from activities that might exacerbate existing difficulties."

Momcilo Krajisnik, who led the Bosnian Serb delegation out of the conference in support of the Yugoslav delegation, said the reference to Kosovo was an attempt to "try to sneak the Kosovo issue through the back door."

Mr. Krajisnik, the Bosnian Serb representative to Bosnia's collective presidency, is seen as a hard-liner. Biljana Plavsic, the Bosnian Serb president, also left the conference.

The protest overshadowed decisions to set deadlines for a series of supposedly unifying moves — such as common auto license plates throughout Bosnia — and to empower the conference's top official in Bosnia to impose nation-building measures on the country's divided Serbs, Muslims and Croats if they cannot agree among themselves.

"If they do not do their job, we have to do it in their place," said the top official, Carlos Westendorp, a former Spanish diplomat who has the title of high representative in Bosnia.

Mine Foe Collects Her Nobel

The Associated Press

OSLO — Jody Williams and the International Campaign to Ban Land Mines on Wednesday collected the Nobel Peace Prize, one of the awards financed by the inventor of the explosive used in the weapons they have labored to eliminate.

Ms. Williams, as coordinator of the group, was instrumental in pushing for the treaty banning land mines that has been signed by 122 countries.

"You have not only dared to tackle your task, but also have proved that the impossible is possible," Francis Sejersted, the Nobel committee's chairman, said at the ceremony.

"It is a paradox that what we find inside land mines is Nobel's brilliant invention, dynamite," he said.

Ms. Williams before the ceremony Wednesday.

Woodrow Wyatt Dies at 79, Flamboyant Political Figure

New York Times Service

LONDON — Woodrow Wyatt, 79, a high-living onetime Socialist politician and journalist who later turned abrasively against the left as a television presenter and tabloid columnist, died Sunday in London. He was created Baron Wyatt of Weeford in 1987.

He died of a ruptured stomach artery, and he had also been under treatment for cancer of the esophagus.

His passage from middle-class origins and postwar leftist convictions to adoring follower of Prime Minister Margaret Thatcher and star of the racing set was marked by a trail of beautiful and often wealthy and titled women, cases of fine claret and a cloud of Havana cigar smoke. For the past 21 years, the former Labour member of Parliament with the trademark boldly patterned floppy bow tie was the highly visible chairman of the Horseracing Totalizator Board, known as the Tote, the governing authority for the sport. Mrs. Thatcher rewarded him with a knighthood in 1983 and a life peerage in 1987.

Born on July 4, 1918, he was named after Woodrow Wilson. He studied law at Worcester College, Oxford. He became an army major in World War II, serving in the Normandy campaign.

He ran for Parliament from a Birmingham district in 1945 and unexpectedly won in the Labour landslide. His parliamentary career continued, with one four-year interruption, until 1970, but in his 21 years in the Commons he had only six months as a minister.

By 1970 he had become estranged from the working-class ambience of his party. He opposed the nationalizing of industry and joined Conservative efforts to curb union power. His columns similarly moved from paper to paper until they ended up in 1983 in Rupert Murdoch's Labour-baiting News of the World.

Leon Poliakov, 87, Historian Of Anti-Semitism and War Crimes

New York Times Service

Leon Poliakov, 87, a historian of anti-Semitism who testified at major war crimes trials, died Monday in France, where he lived, leaders of Jewish groups said.

Mr. Poliakov wrote the five-volume "History of Anti-Semitism," as well as "20th Century Totalitarianism," "Jewish Bankers and the Holy See" and "From the Mongolian Yoke to Lenin." Together with Joseph Wulf, he also wrote "The Third Reich and the Jews," a book of official German records documenting Nazi crimes against Jews.

Ted Matthews, Gallipoli Survivor

SYDNEY (AP) — Ted Matthews, the last survivor of the first-wave landing on April 25, 1915, at Gallipoli, the site of a bloody World War I battle that killed more than 11,000 Australian and New Zealand soldiers, died Tuesday, a month after his 101st birthday.

BRIEFLY

Chirac Assails 35-Hour Week

PARIS — President Jacques Chirac of France clashed Wednesday with Prime Minister Lionel Jospin over the Socialist government's plan to cut the workweek to 35 hours without cutting pay.

Speaking at a weekly meeting of the cabinet, which approved a parliamentary bill for the 35-hour week by 2000, Mr. Chirac said that cutting working hours would not create jobs, as the government argues, because business was being forced into the changes against its will.

"I do not think that this bill, because of its obligatory and compulsory character, will favor job creation," he was quoted as saying by his spokeswoman. *(AFP)*

Turkish Regime Survives Vote

ANKARA — The minority Turkish government of Prime Minister Mesut Yilmaz survived an opposition bid to topple it Wednesday by a no-confidence vote.

Ufuc Gurkan, the deputy speaker, said the opposition had failed to get the backing of the 276 deputies necessary to bring down the government. He said the opposition could muster only 244 votes, well short of the absolute majority needed in the 550-member chamber. *(Reuters)*

Carlos Goes to Court Friday

PARIS — Illich Ramirez Sanchez, the terrorist known as Carlos, will finally face a Paris court Friday for the 1975 killings of two French secret agents and their Lebanese informer.

The trial will be the first official public appearance of the 48-year-old Venezuelan, who eluded the West's secret services for two decades. France's DST counter-espionage agency, seeking to avenge the killing of its two members, kept up the hunt for 19 years before catching up with him in Sudan in 1994 and packing him off to France in a sack. *(Reuters)*

EU Backer Is Swiss President

ZURICH — Foreign Minister Flavio Cotti was elected by Parliament on Wednesday to a one-year term as president of Switzerland, putting an active supporter of European Union membership in the largely ceremonial post.

Mr. Cotti, 58, will be president of the seven-minister Federal Council, or cabinet, in 1998, his second term in the rotating office after a first term in 1991. *(Reuters)*

Berlusconi Ignores Summons

MILAN — Silvio Berlusconi, the conservative political leader and entrepreneur, did not comply with a request from Milan prosecutors to appear Wednesday for questioning in a corruption investigation, his lawyer said.

He was summoned as part of an investigation to determine whether he falsified accounts of his company Fininvest to create slush funds used to bribe judges in Rome, Italian newspapers reported. *(Reuters)*

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ASIA/PACIFIC

Korea Talks Open the Way

Second 4-Nation Round Set for March 16 in Geneva

The Associated Press

GENEVA — North and South Korea, meeting under the auspices of the United States and China, closed a historic opening session of peace talks Wednesday with promises to keep working toward settlement of their 44-year state of war.

The four nations set the next round of what could be years of talks for March 16 in Geneva.

"This marks a very good beginning," said Tang Jiaxuan, deputy foreign minister of China. "We hope the establishment of a peace mechanism on the Korean Peninsula will not take another 43 years."

Stanley Roth, a U.S. assistant secretary of state who acted as chairman for the first session, said there would be an interim meeting in Beijing in mid-February.

Mr. Roth said that each side had presented its views in during the two-day session but that a detailed agenda still had to be worked out.

He added that he expected the next session to last "some days" and noted that there was no overall deadline for finishing the negotiations.

Overall, "talks proceeded in a cordial and productive atmosphere," Mr. Roth said at a brief press conference with heads of the three other delegations.

Just getting the North and South together in the same room — and bringing them together at a Chinese-sponsored cocktail party Tuesday — was considered a major breakthrough.

The first day of talks, Tuesday, saw "very modest progress," said Yu Myong Hwan, a South Korean Foreign Ministry official. The North Korean delegation was even more reserved.

"Ongoing," was the terse comment from the North Korean delegation leader, Kim Gye Gwan, as he emerged from Tuesday's meeting.

In Washington, Defense Secretary William Cohen and his South Korean counterpart said the talks provided "the most realistic means to reduce tensions and achieve lasting peace on the Korean Peninsula."

Only an armistice, not a peace treaty, was signed to end the Korean War in 1953.

Diplomats from China, one of North Korea's last remaining allies, and the United States, defender of South Korea, are attending as mediators. Mr. Roth said they had drawn lots to take turns chairing the subsequent sessions and that China would head the next round, followed by South Korea and then North Korea.

One of the many barriers to progress in Geneva is the North Korean insistence that a withdrawal of 37,000 U.S. troops from South Korea should be on the agenda.

South Korean diplomats told South Korean journalists that the Pyongyang delegation raised this point again Tuesday. The delegation also pressed for Washington to end the economic blockade in force since the Korean War, and for direct talks between Washington and Pyongyang.

An editorial carried by Pyongyang's official Korean Central News Agency said that the conclusion of a peace treaty between North Korea and the United States was "the best way for peace and security on the Korean Peninsula." It added that peace could never be "ensured" so long as U.S. troops remain in the South.

Mrs. Marcos Leaves Philippines

The Associated Press

MANILA — Imelda Marcos, the former first lady of the Philippines, flew to the United States on Wednesday after the Supreme Court here overturned a travel ban and allowed her to leave, despite a graft conviction. She said she was traveling to Boston for treatment of an eye ailment.

It was the first time the widow of Ferdinand Marcos, the deposed president, has been permitted to make a foreign trip since a court convicted her in 1993 and sentenced her to up to 24 years in prison.

Mrs. Marcos, 68, now a congresswoman, is free on bail pending an appeal of the verdict.

Teng Yue/The Associated Press

Teachers telling pupils not to approach geese Wednesday at a Hong Kong school.

Schools in Hong Kong Warned of 'Bird Flu'

Compiled by Our Staff From Reports

HONG KONG — As the government here grappled with a mysterious "bird flu" not usually found in humans, it ordered schools and kindergartens on Wednesday to warn children not to play with pets.

The authorities also distributed a note to hospitals on how to treat people with the disease, which is believed to have killed a child and an old man and made a girl critically ill.

"No touching of pets," warned a sign at the Leung Lee Sau-ng Memorial School in the Shau Kei Wan district.

Medical findings have indicated that a 3-year-old who died in May and another child who survived the disease both caught the virus from birds.

Meanwhile, U.S. health officials said the flu strain in Hong Kong is not an immediate threat in the United States. The Centers for Disease Control and Prevention said Americans should be more concerned about conventional flu than the overseas variety.

"At this point we are dealing with four isolated cases in Hong Kong," said Rima Khabazz, a viral disease expert at the agency. *(Reuters, AP)*

Legitimacy Eludes the Strongman of Cambodia

By David Lamb
Los Angeles Times Service

PHNOM PENH — Nearly five months after Cambodia lost the democracy that the international community had bought for this hapless land, Second Prime Minister Hun Sen's campaign to gain legitimacy for his rule is hitting a stone wall.

The United Nations has kept Cambodia's seat vacant. The United States and most donors have suspended nonhumanitarian aid. The World Bank will not even talk about new projects. Even the nonconfrontational Association of South East Asian Nations is giving Cambodia the cold shoulder, having put its pending membership on hold.

Cambodia, whose people have a history of destroying what they have built, from the temples of Angkor to the pillars of democracy, is slowly facing up to a sobering reality: Mr. Hun Sen's coup in July has cost the country dearly. It has turned Cambodia into the orphan of Indochina, just four years after a $3 billion UN effort to rehabilitate the country, culminating in free elections, was deemed a success.

"If I was not a Buddhist," King Norodom Sihanouk, 75, said in October, "I would commit suicide, because the end of my life is full of shame, humiliation and despair over the national order."

"In a blossoming Asia," he continued, Cambodia is "the only oasis of war, insecurity, self-destruction, poverty, social injustice, arch-corruption, lawlessness, national division, totalitarianism, drug trafficking and AIDS."

Although King Sihanouk's comments may have contained some hyperbole, they did reflect the despair many Cambodians feel at seeing the tourist industry collapse, foreign investment evaporate, expatriates flee and human life — in an eerie echo to the 1975-79 rule of the Khmer Rouge — again treated with contempt.

Lao Mong Hay, director of the Khmer Institute of Democracy, asked: "The international community purchased our freedom and our human rights with $3 billion and no small amount of blood, and we Cambodians can't maintain what we have been given? And if we can't, do we even deserve our sovereignty?"

The capital, a once-charming city, is raggedy and trash-littered, and along the wide, tree-lined boulevards people walk with a shuffle, their shoulders slumped, casting a leery eye toward strangers who might be armed.

There are so many guns about that some businesses have posted signs saying, "Please Check Your Weapons." No sensible visitor ventures out on foot at night, and the U.S. Embassy has set up a hot line with recorded messages that give updated information on security trouble spots. Most crime — unlike the spate of political killings that followed the coup — is the work of robbers with no agenda other than the need for money.

Towering over the crime-ridden streets, on giant posters attached to the sides of government buildings, is the face of King Sihanouk, appearing youngish and healthy. It is a symbol that calms Cambodians, but it is illusory. The king, ailing with cancer, spends most of his time in Beijing, returning to Cambodia only to speak of his dismay and to issue contradictory political statements.

"Cambodians thought they'd turned the corner after the elections, and now they're back to square one," a European diplomat said. "It has really deflated them. They've been kicked around by so many people for so long — the French, the Americans, the Khmer Rouge, the Vietnamese — you get the feeling that they've just accepted that their lot in life is to be defeated."

But the international community, though stung before, is about to try again. Various donor nations have pledged $20 million to help underwrite new elections, which Mr. Hun Sen says will be held next year. This time the prime minister — who gloated after the coup, "Now I am the captain alone" — may face no viable opposition.

A onetime peasant with virtually no formal education, Mr. Hun Sen has pleaded with nongovernmental agencies not to abandon the country. He has, at some risk to himself, dismantled the omnipresent "checkpoints," where gunmen shook down motorists for money, and closed several casinos run by members of the military. He has started learning English with the help of an American tutor, has asked his party thugs not to beat up opposition members and has given the media a long leash, making Cambodia's 40 news publications among the freest in Southeast Asia.

Meanwhile, he is making plans, Western diplomats said, to unleash a dry-season offensive this month or next against the 400 or so troops still loyal to First Prime Minister Norodom Ranariddh — the prince he drove from power — and the few thousand guerrillas who answer to Khmer Rouge warlords, located around Anlong Veng in the north.

"I wouldn't underestimate Hun Sen," a Western political analyst said. "He's not sophisticated, but he does his homework, he asks the right questions. He's not someone who got to power through his birthright, as Ranariddh did. We may find he's going to be around for a while."

BRIEFLY

7 Democracy Activists Are Jailed in Burma

RANGOON — The military government of Burma said Wednesday that seven members of Daw Aung San Suu Kyi's National League for Democracy have been sentenced to long prison terms.

In a statement, the government said the NLD members, including two who were elected to Parliament in a 1990 election that was later annulled, were sentenced Tuesday. It said they were charged under the Emergency Act of 1950. The statement said the section deals with any act seen as disturbing the public or law and order.

A second statement said six were sentenced to six-year terms, and one to eight years.

The seven men and women, and one other woman, Daw San San, were detained last month in connection with trips planned by Daw Aung San Suu Kyi to her party's offices in townships on the outskirts of Rangoon.

The statement did not say what happened to Daw San San. *(Reuters)*

Japanese Cabinet Loses Public Support in Poll

TOKYO — Support for Prime Minister Ryutaro Hashimoto's cabinet has fallen to a record low, with a majority of voters giving a thumbs down to his government, a poll published Wednesday indicated.

Conducted by the Public Opinion Survey Association over the weekend, it showed that the government's disapproval rating rose 3.1 percentage points, to 52.1 percent, compared with a survey in October.

It was the first time the majority of respondents disapproved of the cabinet since Mr. Hashimoto took office in January 1996, the association said.

It attributed the drop in support mainly to a view that the prime minister's cabinet has failed to prevent the nation's current financial turmoil. *(Reuters)*

Manila Resuming Talks With Communist Rebels

MANILA — The Philippines government decided Wednesday to resume peace talks with Communist rebels after the guerrillas freed a police chief and an army sergeant from more than a month of captivity, officials said.

The talks have been proceeding sporadically since 1992 in the Netherlands, where rebel leaders live in self-imposed exile.

Negotiators are to leave for the Netherlands in early January and the talks are expected to resume later that month, said Solicitor-General Silvestre Bello, a member of the government peace panel.

The government suspended the talks on Nov. 11 after the Communist New People's Army seized Police Chief Rene Francisco and Master Sergeant Joaquin Melad in raids in Rodriguez near Manila.

After holding them for 36 days at a forest rebel base, the guerrillas released them last Friday to representatives of the International Committee of the Red Cross. *(AP)*

Indonesian Labor Chief Treated Well by Doctors

JAKARTA — The jailed labor leader Muchtar Pakpahan is being well treated by local doctors for an undiagnosed lung illness, a visiting Canadian specialist said Wednesday.

"Up to the present time, as far as we can see, he is receiving optimal treatment here," Stephen Lam said at a news conference at Jakarta's Cikini Hospital.

Dr. Lam and two other Canadian doctors were due Thursday to perform a sophisticated test on Mr. Pakpahan's right lung, where earlier tests revealed an unidentified object.

Mr. Pakpahan, 43, head of the independent and unrecognized Indonesian Labor Welfare Union, is serving a four-year prison sentence for inciting riots. He was admitted to the hospital in March suffering from vertigo.

U.S. and European unions had offered to pay for Mr. Pakpahan's treatment abroad but Indonesia rejected the request, saying his illness was not fatal. *(Reuters)*

40 Hurt in Bangladesh In Clashes Over Treaty

CHITTAGONG, Bangladesh — Nearly 40 people were injured in Bangladesh on Wednesday during clashes over a peace treaty to end fighting in the Chittagong Hill Tracts region, police and other officials said.

Violence erupted in Rangamati town in the southeastern Hill Tracts soon after an opposition-led general strike began in the area bordering India and Burma, the officials said.

The strike crippled transportation and businesses, shut the Chittagong Stock Exchange and partly disrupted Chittagong port activities, they said.

But production at the country's only oil refinery in Chittagong was unaffected, an official at the refinery said. *(Reuters)*

May 18, 1997, on CI008 Taipei-L... When Ms. Wang discovered her favorite ring was missing, everyone joined in ... to find it. Although others had long given up, the cabin crew kept looking... a... located the ring - in the front pocket.

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Blair's Rx for British Health Care

Plan Targets Red Tape and Boosts Power of General Practitioners

By Sarah Lyall
New York Times Service

LONDON — The government of Prime Minister Tony Blair has announced a plan that it called a far-reaching effort to overhaul the National Health Service, the country's 49-year-old system of socialized medicine.

The future of the cash-poor health service is one of the most troublesome issues facing the British government, which is seeking to improve the fraying system while making good on its promises not to raise taxes.

Before the May election that brought Mr. Blair to power, his Labour Party attacked the health policies of the previous Conservative government while pledging to streamline the health service, put more money into patient care and reduce waiting lists for hospital and specialist treatment.

The result was the plan announced Tuesday that seeks to abolish several hallmarks of the Conservatives' health policy, including a so-called internal-market system that created competition, often divisive, between hospitals, general practitioners and local health authorities.

Under the proposal, the government says, the health service will save about $1.6 billion by abolishing red tape, cutting bureaucracy and giving more power to the country's 35,000 general practitioners.

"I will take on those who say that the NHS has had its day, and that all we can do is preside over its slow decline," Mr. Blair said.

"I don't just want to save the NHS," he added. "I want to give it a new lease of life. It will take time, but under this government, the NHS will get better every year so that it delivers a modern, dependable service based on need, not ability to pay."

His government presented its proposals in the House of Commons, where Labour holds a large majority. The plan is expected to pass easily.

Conservatives responded to the plan by saying that it would cut the most attractive features of their policies — including the competition within the health system — while merely recycling some of their other ideas.

The plan offered no new proposals for one of the health system's most vexing problems: the increasingly long waiting lists for hospital and specialist medical treatment.

At the end of September, 1.2 million patients were waiting for treatment, more than 17,000 more than had been waiting in July. And the lines are expected to lengthen during the winter months, when a rush of emergency cases often requires that long-scheduled routine operations and consultations be postponed.

In November, the government announced the formation of a Waiting List Action Team, meant to find ways to shorten the waiting lists, and promised that by the end of March, no one would have to wait longer than 18 months for treatment.

In its 1997-1998 budget, announced earlier this fall, the government said it would spend an extra $2.4 billion on the health service. But the plan called for no new money to be injected into the service, which this year is costing the country $71.2 billion, financed exclusively from taxes, and which many doctors still feel is woefully underfunded.

About 13 percent of the population has private health insurance, but the rest of the country relies on the health service or pays out of pocket for private treatment.

The British Medical Association said it welcomed the government's decision to abolish the internal-market system, in which some general practitioners and local health authorities purchase a set amount of health care from hospitals.

The system, begun in 1991 under Prime Minister Margaret Thatcher, often leads to competition between hospitals and to differing levels of treatment for patients, depending on which general practitioner they go to.

Under the new plan, a number of so-called Primary Care Groups will be set up around the country, with general practitioners and nurses taking on the responsibility of commissioning care and allocating resources in communities.

"I warmly welcome the new pragmatic approach, which replaces the disastrous internal market with a system driven by patients' clinical needs," said Dr. Sandy Macara, chairman of the British Medical Association Council. "Hospital doctors will be glad to see the end of destructive competition."

At the same time, the medical association said it was dismayed that the government had not proposed spending any more money on the health service.

"This provides no extra money for the National Health Service at all, and we believe that the funding of the NHS lies at the very heart of the problems the system encounters," said Alan Duncan, a spokesman for the medical association.

Under Mr. Blair's plan, where there is a suspicion of cancer, patients will receive new priority treatment. By 2000, such patients will be able to see a specialist, on the advice of their general practitioner, within two weeks.

The government also proposed to set up a new telephone hot line, in which patients can call health-service nurses, 24 hours a day, for telephone consultations that might make it unnecessary to visit a doctor or a hospital in person.

Pope Awaits Castro Shift on Christmas

By Celestine Bohlen
New York Times Service

ROME — When they met for the first time at the Vatican in November 1996, Pope John Paul II asked President Fidel Castro for a Christmas present: the restoration of Dec. 25 to Cuba's calendar of public holidays, bringing the island nation back in line with every other country in the Western Hemisphere.

Since then, a year and one Christmas have gone by. Now, with another Dec. 25 just two weeks away, and only a month to go before the 77-year-old pontiff makes his long-awaited trip to one of the last of the world's communist fortresses, Mr. Castro has yet to give his reply.

"I don't know if next week we will have a response," said Enrique Gonzalez, a spokesman at the Cuban Embassy to the Holy See. "We can't say whether it will be a reality. It is a political decision that will be taken at a high level."

In the intervening silence, the Vatican seems to be stepping up the pressure on the Cuban government on this and other outstanding details about the Pope's five-day visit, which will start Jan. 21.

At a press conference in Havana on Tuesday, Jaime Cardinal Ortega repeated the Pope's request for a Christmas holiday, and asked again for live access to the state-run media during the Pope's visit.

As a master of the political surprise, Mr. Castro may make his decision on the Christmas holiday at the last minute, experts on Cuba say.

"I wouldn't be surprised if the president, as a gesture of good faith, makes these changes to the calendar," said Bishop Roberto Gonzalez of Corpus Christi, Texas, a close observer of the Roman Catholic Church's lurching recovery in Cuba.

In the preparations for the papal visit, the Cuban government has already ceded on some points pressed by the Vatican. It has granted more visas to visiting priests and nuns, and has agreed to let Cardinal Ortega make an appearance on state television to explain the scope of the Pope's visit.

The Pope, who will spend each night of his stay in Havana, is scheduled to make day trips to Santa Clara, Camaguey and Santiago de Cuba, and to conclude his visit with an open-air Mass in Havana's Revolution Square.

He is due to meet privately with Mr. Castro on Jan. 22, at the Palace of the Revolution.

Celebrating the last of a series of preparatory Masses in the Havana region, Cardinal Ortega on Monday outlined some of the themes of the Pope's visit, which will range from family values to human rights, from reconciliation among Cubans to the church's solidarity with the Cuban nation.

A key issue, raised by church officials during negotiations between the Cuban government and the Vatican over details of the trip, is the provision of public transportation to and from the Pope's far-flung Masses and public appearances, in a country of uncertain and infrequent bus service.

"This is something important for everyone," said a Vatican official. "How can you participate if you cannot get there?"

But of all the final points still awaiting an answer from Havana, none has the symbolic power of Christmas, a holiday that was excised from the Cuban calendar in 1969, at a time when the island was pushing to bring in a record sugar cane crop.

Now, on Dec. 25, Cuban children go to school, their parents to work and last year, the Cuban Parliament scheduled a special session on Christmas Eve, at a time when Catholics around the world go to church to attend Midnight Mass.

Q & A / **Ihar Hermianchuk**

Belarussian Editor Braves Regime's Tightening Noose

For nearly eight years the newspaper Svaboda, or freedom, has been one of the few independent voices in Belarus, a former Soviet Republic where President Alexander Lukashenko appears intent on recreating a Communist-style dictatorship. On Nov. 24, Svaboda's editor, Ihar Hermianchuk, was ordered to cease publication. He spoke in Prague with Peter S. Green of the International Herald Tribune.

Q: What exactly did you do to earn President Lukashenko's ire?

A: One of the last things we did was publish an article that compared the situation in Belarus today with 1937 [when Stalin was suppressing Belarussian nationalism]. For that we received a warning that we are inciting discord between the citizenry and the government. For another article we were accused of supporting the opposition's shadow cabinet, because we gave them a favorable grade. And also, for instance, when the presidential security force was illegally transshipping alcohol through Belarus to Russia, we were able to get the documents and print them.

Q: President Lukashenko's regime has already imprisoned several journalists. Is there any chance the situation will improve for the press?

A: No. It's going to get worse. As little as a half a year ago we didn't think journalists would be arrested and detained, we didn't foresee that newspapers would begin to be shut down. Now we can expect that more independent newspapers will be shut down.

Q: What will you do to keep your readers informed? You mentioned plans to publish under a new name.

A: We expect that the next newspaper we publish will be shut down, too. We'll publish legally while we can, but if we can't do it legally, we'll do it illegally. We still have a period of underground press to live through, like Poland's Solidarity. There are some small private printing presses or even photocopiers.

Q: Besides the legal and political pressure there must be great financial pressure on your newspaper. How difficult is it to get the money to print?

A: We are 10 journalists. It's a small staff, but we can't afford any more. We were supported mainly by readers, because advertisers were afraid they'd have problems with the government if they advertised in an opposition newspaper. You can imagine the level of fear in a country where now we can only publish on the Internet. And the firm that was publishing us on the Internet now is afraid as well. But very few people in Belarus have access to the Internet, so our goal is to print it again, on paper. And we will also have our stories read on America's Radio Liberty.

Q: How important will a free press be in bringing about change in Belarus?

A: If any changes can be expected in Belarus, they will be attributed to a free press.

Q: Are you ready to go to jail for it?

A: Of course, we don't want to, but we are determined to do our work and if it leads us to prison, what can we do? We hope that other people will carry on the work.

Q: Are you afraid for your life under the Lukashenko regime?

A: I think yes, although if they really wanted to kill me, they could have done it a long time ago. But I still take precautions not to wind up in some kind of arranged accident.

Q: How much longer can Lukashenko last?

A: I think things will eventually get better, because I don't think this regime can last long. The economic situation is getting worse and worse and it's harder to get by every day. But Lukashenko's supporters are mainly the old people, in the countryside, and each year 100,000 young people come of age and 100,000 old people die, and those young people are more progressive. There will probably be mass demonstrations, but it will be three or four years.

Branson's Balloon Is Found, and May Fly Again

Reuters

MARRAKESH, Morocco — The British businessman Richard Branson said Wednesday that he hoped to try again to fly around the world, starting this weekend, if his balloon, now being recovered in Algeria, has not been badly damaged.

"The Algerians seem to be very cooperative," the head of Virgin Group said. "Their army is trying to help us wrap the balloon up. It will be brought to the Moroccan border where a helicopter is waiting to bring it back to Marrakesh by the end of the day or tomorrow morning."

Mr. Branson said the balloon, which broke its moorings just before a planned launch Tuesday, had been found on the ground 100 miles (160 kilometers) inside Algeria. "We have a 75 percent chance of recovering it again," he said.

He said he had asked the Algerians to cut the balloon to prevent it from taking off when the helium inside heated up as the day progressed. The Algerians, he said, were awaiting his written authority to do so.

BRIEFLY

Antony Njuguna/Reuters

CAMPAIGN MARCH — Supporters of Charity Ngilu, a candidate in Kenya's Dec. 29 election who is seeking to become Africa's first woman president, crossing a river on their way to a district headquarters.

Jordan Expels Iraqi Diplomats

AMMAN, Jordan — Jordan expelled 17 Iraqi diplomats Wednesday after Iraq executed four Jordanians accused of smuggling car parts valued at $850.

Deputy Prime Minister Jawad Anani summoned the Iraqi ambassador, Nouri Wayess, and told him to reduce the number of his diplomatic staff to seven from 24, the state-run Petra news agency reported.

The diplomats have been given one week to leave the country, the agency said.

Early Wednesday, Mr. Anani told angry lawmakers in the Jordanian Parliament that he had expressed to the Iraqi ambassador "the condemnation and the outrage of the Jordanian government over the executions."

Abdullah Nusur, another deputy prime minister, said Jordan was "bewildered" by the executions, especially because Amman had been supporting Baghdad in its efforts to lift UN sanctions. *(AP)*

Albright Praises Ugandans

KAMPALA, Uganda — The U.S. secretary of state, Madeleine Albright, praised Uganda on Wednesday as a "beacon of hope" for the rest of Africa.

"As I travel from Uganda to states where the wounds of national conflict are very raw indeed, I see Uganda as a beacon of hope," Mrs. Albright said at the start of a tour through Africa's Great Lakes region. "And I am not alone." She held talks with President Yoweri Museveni before flying to the northern town of Gulu, where she was to visit victims of an insurgency campaign by Joseph Kony's Lord's Resistance Army.

Mr. Museveni said: "I am happy to note that the U.S. recognizes that Africans cannot be marginalized. In fact I have said before that Africans can be marginalized only by themselves."

Mr. Museveni, a reformist, is a widely respected Great Lakes regional power broker with close links to the governments of Rwanda, Burundi and the Democratic Republic of the Congo. Mrs. Albright will also visit Rwanda and Congo. *(Reuters)*

UN Jets Bring Food to Nairobi

NAIROBI — After days of delay, a United Nations aircraft Wednesday dropped the first packages of food to thousands of Somalis trapped by months of flooding, a UN spokeswoman said.

Lindsey Davies, a spokeswoman for the World Food Program, said two wooden pallets loaded with eight tons of corn were successfully parachuted from a Hercules C-130 transport plane over Garbahare in the Juba Valley in southern Somalia. "We have successfully completed the first air-drop mission," she said.

At least 1,500 people have drowned and more than 230,000 have been driven from their homes by two months of heavy rains that caused the Juba and Shabelle rivers to inundate towns and villages. *(AP)*

American Is Seized in Acapulco

ACAPULCO — Gunmen posing as federal police officers have kidnapped the American manager of one of Acapulco's leading hotels, the Princess.

A police officer was killed and another was wounded in a shoot-out that ensued, a law enforcement official said Wednesday.

Ten heavily armed men dressed in the black uniforms of the federal police intercepted Vincent Carrosa's car Tuesday near the hotel, said Hector Omar Maganda of the Guerrero state district attorney's office.

As the kidnappers forced Mr. Carrosa into their truck, a police squad passing by gave chase, Mr. Maganda said. Jose Martinez Manriquez, a deputy commander, was fatally shot in the head and neck, Mr. Maganda said. *(AP)*

A Bare Majority Passes OECD Literacy Test

The Associated Press

WASHINGTON — Nearly half of American adults have trouble with such common mental demands of life as reading newspapers, filling out job applications or balancing a checkbook, a survey found.

Americans are not alone, the Paris-based Organization for Economic Cooperation and Development reported Wednesday in its annual look at education. "Low literacy is a problem everywhere," the report said.

Among 12 Western industrialized nations, Swedes scored best and Poles worst in the International Adult Literacy Survey that was cited in the report. There was no statistically significant difference among Americans, Australians, Belgians, Britons, Canadians, Dutch, Germans, Irish, New Zealanders and the Swiss.

But one researcher cautioned that such surveys tend to overstate the problem by confronting test-takers with unfamiliar documents. Police are not reporting people lost because they "couldn't find their way to Main Street," said Richard Venezky, an educational psychologist at the University of Delaware.

Although the report found high levels of college education among Americans, it also found some disturbing signs. High-school dropout rates were high. And education was not always a guarantee of literacy, defined by the researchers as ability to read texts, understand documents such as charts, graphs and schedules, or perform arithmetic.

Moreover, the report suggests that workers who do not use their mental skills lose them.

Statistics Canada and Educational Testing Service, a private American company, did the research in 1994 and 1995, measuring people on three scales that comprise literacy: reading prose, reading documents and doing mathematics.

Depending on the country, between one-quarter and three-quarters of the respondents ages 16 to 65 failed to attain the level considered "a suitable minimum skill level for coping with the demands of modern life and work."

In the United States, 46 percent were below that level in reading prose, 49 percent in reading documents and 46 percent in mathematics.

Britain Rules Out Concessions on Gibraltar

Agence France-Presse

LONDON — Britain will not make any concessions on sovereignty over Gibraltar, a Foreign Office spokesman said Wednesday ahead of talks here with Foreign Minister Abel Matutes of Spain.

"Our starting point on sovereignty in Gibraltar is that there can be no change to the status of Gibraltar against the wishes of the people, and that is enshrined in the Gibraltar 1969 constitution," the spokesman said.

Madrid, which also claims sovereignty over Gibraltar, raised the possibility Tuesday of a power-sharing arrangement.

Mr. Matutes and the British foreign secretary, Robin Cook, were to meet under the framework of agreements between Britain and Spain, reached in Brussels in 1984, that provide for annual talks on Gibraltar.

The London talks also came against a background of rising tension between Madrid and the government of Gibraltar over links between the British colony and Spain.

In a recent television interview, Mr. Matutes said: "Our patience has limits and if no progress is reached through constructive dialogue and cooperation, Spain will begin demanding its rights with more and more insistence."

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

'Israeli Intransigence'

"Israeli intransigence" has become an all-purpose explanation for the stalemate in Middle East peace talks. The Clinton administration is moving rhetorically into this school. The president publicly snubbed the Israeli prime minister. The secretary of state blames Israel for the American difficulty in rallying Arab states against Saddam Hussein.

In fact, Israel does take a hard line, and it thrusts the burden of concession upon the other side. But that is only part of the picture.

The other part is Palestinian terrorism. While it continues, Israel will be driven, and will have good reason to be driven, by a passion for self-defense so intense as to defy what many people regard as reasonable political compromise. No outsider, even one coming as a friend, can in conscience force Israel into a position leaving Israelis unsafe in either their streets or their strategic ramparts. Dealing with terrorism is the prerequisite to peace.

Many people now believe that terrorism is essentially the product of Israeli intransigence. They think that if the Israelis relaxed their policy, they would bring out Palestinian moderates, and the two sides would work things out. This is a tempting scenario, but it scants the hard core of the terrorism problem. Palestinian violence is directed not only against a hard-liner like Benjamin Netanyahu but also against a moderate like Yitzhak Rabin and even a soft-liner like Shimon Peres.

If the suicide bombers had confined their horrors to the Israeli hard-liner times, that argument might have some point. But the bombs that did the harshest damage exploded on the Rabin and Peres watches. The bombers were not protesting the Netanyahu policy. They were protesting the existence of Israel.

The priority, then, is to halt terrorism — all of it. It will not do to say coldly that the Israelis must suffer the occasional suicide bomb. Israel has the right to insist on a normal standard of security. Here the performance of Yasser Arafat is simply inadequate. He has fallen into the habit of using the Israeli-intransigence alibi in careless usage elsewhere. Neither in word nor in deed has he provided the leadership that this crisis demands.

The shortfall is the measure of his political weakness. Is it a weakness that can be remedied if Mr. Arafat has the will? Yes. But some part of what holds Mr. Arafat back now is also that even if he were to sign on Israel's dotted line, he would still be lacking the single result of most value to him and his people: statehood. His failure to win that prize further weakens him. Israel's agreement to provide the prize would strengthen him.

Moreover, Israelis are much more likely to offer it if the United States is encouraging them and ensuring security support. An American-backed Israeli offer of Palestinian statehood could become the linchpin of a settlement. Now the administration supports merely the Palestinians' "legitimate political interests," an ambiguity.

You could say this formulation reflects a traditional, intended, deserved American favor for Israel. But the real favor would be to fortify Israel's resolve to take a difficult but promising step that, crucially, Washington would have an obligation to see is safe and secure. Washington would be in the role of guaranteeing the Palestinians' prohibition of terrorism and the Israelis' recognition of Palestinian statehood.

A fatigued Palestinian mainstream may be prepared — not happy or eager, but resigned and prepared — for an accommodation if it comes tied to the paramount goal of statehood. Palestinian statehood provides a feasible step that could unlock a negotiation now facing grinding stalemate and possible explosion. It would help soberminded Palestinians make the strenuous political effort required to combat lingering terrorism.

Still, some Palestinians will keep acting on fantasies of destroying Israel. The Israelis will demand and deserve a right to manage their own response and to be supported in it by the United States. That would be just. Israelis cannot be expected to extend the requisite assurances without American urging — and without well-grounded confidence in their protection in any such new circumstances.

— THE WASHINGTON POST.

The WTO Gets It Wrong

It was unrealistic to expect the World Trade Organization to endorse Kodak's broad claims that it has been deliberately shut out of the Japanese market through a combination of government and private blocking actions. Dispute panels generally deal with tariffs and other specific trade barriers. But it is distressing to see the trade organization embrace blatantly protectionist behavior by the Japanese government.

The United States accuses Japan of nullifying tariff reductions and other trade commitments made over the past 30 years by helping domestic businesses to rig the film market against American and European manufacturers. The Japanese government did in fact guide the formation of an exclusive network of wholesalers tied to Fuji Photo Film that had no intention of doing much business with Kodak. The government also blocked the creation of large retail stores, to which Kodak could have sold film directly without help from wholesalers, and helped private companies throttle retail price-cutting, which Kodak could have used to win customers.

Not all of these government actions involved government edicts or laws, which are the ordinary objects of trade disputes. The panel accepted the United States' argument that government suasion — Japan's way of conducting industrial policy — could, if used to block foreign competitors, violate trade accords. The United States pointed to decades of government-sanctioned anti-competitive behavior by Japanese companies, and cited reams of documents uncovered by Japanese-speaking investigators hired by Kodak that showed the government tailoring its policies to block Kodak. But the panel insisted upon ironclad proof linking government policies to Kodak's problems. It found nothing that met this unrealistic standard.

The trade panel might have reluctantly exonerated Japan because it could not realistically reach back three decades to pinpoint the cause of today's closed markets. It could have warned the Japanese that a waiver for past anti-competitive behavior provides no immunity for the future. Instead it absolved all Japanese wrongdoing.

The dispute panel's ruling tells Japan that its protectionist ways are acceptable as long as they are subtle. It also fuels U.S. resentment — which has been expressed already by several Senate leaders — of international trade rules, even though the United States has lost none of the previous 14 cases it brought before the trade organization. The panel did get this ruling wrong. Despite that, the United States should do nothing to undermine impartial dispute panels, of which it has been the overwhelming beneficiary.

— THE NEW YORK TIMES.

Other Comment

When the System Is Rigged

The fixation with income gaps [may reflect] less the actual resentment of Asia's masses than a Western intellectual obsession with equality.

What grates on people is not that the neighbor may have more than they do but when the differences are based, in the World Bank's words, on "unfair wealth acquisition linked to state-private family elite relations, lack of transparency, corruption and rents." To put it in laymen's terms, people resent it when their system is rigged.

This concern is perhaps most vividly embodied in a new phrase now popping up in the Chinese press, the Five Colors: *hong* (red), *huang* (yellow), *lan* (blue), *bai* (white), *hei* (black). The colors are said to represent the five roads to riches in modern Chinese society, respectively, party connections, prostitution, customs, drugs and triads.

Like most caricatures, this is of course exaggerated. But the idea which it expresses — that wealth in China is at its root corrupt — if it becomes popularly accepted will prove far more lethal than any income gap.

— Far Eastern Economic Review (Hong Kong).

What East Asia Really Needs Is More Democracy

By Patrick Smith

NORFOLK, Connecticut — With South Korea's rescue package now outlined, advanced nations and multilateral institutions have committed more than $100 billion to East Asian countries which, less than a year ago, were among the cornerstones of the new global economy.

Fifty-seven billion dollars to Seoul, $23 billion to Jakarta, $17 billion to Bangkok, where the crisis began — these and other sums may save banks, finance houses, industrial conglomerates and, not least, ruling elites. But they are unlikely to do much to solve the region's most fundamental problems — which are neither economic nor financial, but political.

From Seoul to Jakarta, it is already evident that East Asian governments will have trouble navigating the rough political seas that recent economic storms have stirred. South Korea, in particular, may not be able even to keep its bargain with the IMF.

To one degree or another, these nations have never developed the strong, supple democratic institutions they now need. And to an extent that may shock many of us in coming months, East Asia is leaderless.

Those may seem harsh judgments, but consider the administrations of President Suharto in Indonesia, Prime Minister Mahathir bin Mohamad in Malaysia, or numerous other presidents and prime ministers, past and present.

Few top officials in any of these nations have displayed much understanding of the stresses and strains of young democracies. Their dealings with opposition parties have been something less than nuanced. Their flexibility in the face of political and social complexity has been virtually nil.

Under the social contract by which East Asia's political elites rule, fast economic growth is conferred in exchange for deferral of democratic government. This simple formula may have worked for a while, but it is now a hindrance. The sooner it ceases, the better.

Bribing electorates unfamiliar with the workings of democracy is not a mark of leadership. Neither, of course, are the varying degrees of coercion that East Asian elites have routinely employed to prod the recalcitrant and impose "Asian values."

Asia's political elites are best seen as custodians. Their primary task is to reshuffle favors among rising and falling special interests, while de-emphasizing, and sometimes discouraging, the development of civil societies.

Thus, President Suharto's chief concern now seems to be his children's investments. As to Prime Minister Mahathir, not even his own cabinet appears to take seriously his rantings against Western investors.

While East Asia's leadership crisis has many roots, the U.S. role cannot be overlooked. Throughout the Cold war era, Washington too often encouraged inflexible rulers with anti-Communist credentials instead of those who could have advanced their societies along authentically democratic paths. Whether one agrees with the strategy or not, the price for it must now be paid.

The United States has long cast Japan as the exception among Asia's politically underdeveloped nations. As the current crisis unfolded this fall, Washington wanted Tokyo to take a major part in resolving it.

False expectations born of bad history. Absent the open political conflict found elsewhere, Japan suffers the same leadership deficiency as the rest of the Pacific region — and for the same reason.

Yes, Japan is a leading contributor to the South Korean rescue plan. But Japanese banks hold a quarter of South Korea's foreign debt, and South Koreans consume some 8 percent of Japan's global exports.

It is logical enough for Japan to provide nearly a fifth of the bailout funds (twice the U.S. share), but that is not leadership. It is asset protection.

In Southeast Asia, by contrast, Tokyo has tagged along as it usually does in global affairs.

It is essential to recognize East Asia's leadership vacuum if we are to understand events in the region. Bailout programs may ease short-term economic emergencies, but Asia's most basic problems are a half-century old.

East Asian nations are likely to emerge from their present problems either as more authoritarian or more democratic. It is difficult to discern much middle ground.

But the desired outcome demands a transition to the region's first generation of genuine leaders with broad, mature vision. And rescue packages cannot create them.

The writer, a former Asia correspondent for the International Herald Tribune, won this year's Kiriyama Pacific Rim book prize for "Japan: A Reinterpretation." He contributed this to the International Herald Tribune.

Why Americans Should Take Asia's Setbacks Seriously

By Robert J. Samuelson

WASHINGTON — Anyone familiar with history will find unsettling parallels between the present situation and the onset of the Great Depression. Then as now, stock markets crashed; banking crises depressed production and employment; government officials professed optimism.

This is not a prediction of another Depression. But it is a caution: Slumps do happen, and governments can lose control of events.

Americans underappreciate the magnitude of Asia's setbacks. Consider the slaughter in their stock markets.

For the year from November 1996 to November 1997, Morgan Stanley Capital International reports the following declines: Japan, 25 percent; Singapore, 25 percent; Hong Kong, 27 percent; the Philippines, 55 percent; South Korea, 59 percent; Indonesia, 60 percent; Malaysia, 68 percent; Thailand, 75 percent.

Confidence has shriveled. Asia's capitalist class has seen much of its paper wealth vanish. Banks are reeling from bad loans. Inflows of foreign capital have slowed or reversed.

In 1997, Americans have withdrawn $3 billion from Asian mutual funds, reports the Investment Company Institute. Construction of new factories by global companies will decline. New contracts for foreign investment in China have dropped 39 percent in 1997.

All this means that Asia's slump could go deeper and last longer than most economists now assume.

Bruce Steinberg, Merrill Lynch's chief economist, told clients after a trip to Asia: "We believe that Asian economies are in even worse shape than we thought before we visited."

And Asia's problems have spread to other "emerging markets" — Brazil, India, Russia. There is some danger of a global bank run.

International banks could call loans to banks in developing countries. At the end of 1996 there was $335 billion of such short-term loans, estimates the Institute of International Finance in Washington.

What supposedly shields America from this economic implosion is that U.S. exports, especially to Asia, are not large enough to drag down the American economy.

It is true that exports represent only 11 percent of U.S. GDP. But at least 25 percent of U.S. export markets now face economic slowdowns. This includes Japan, South Korea, Taiwan, Brazil, Thailand, Malaysia, Argentina, Russia and China.

And because the dollar has appreciated on foreign exchange markets — global investors have sought a safe haven in U.S. stocks and bonds, raising the demand for dollars — all American exports will face harder times.

The Asian crisis could also harm the U.S. economy in a second way. Cheap imports could depress prices, lower profits and reduce business investment.

Asia is said to be awash in excess industrial capacity in everything from computer chips to chemicals to cars and auto parts. No one knows the size of these alleged gluts or the extent to which they can be exported. But if they can be, they will be.

America's factories may lose sales and may have to cut prices. If so, would companies continue to invest in expanded capacity? And if investment and exports both weaken, would the economy stay strong?

Good questions. But in today's cheerfulness, doubts are dismissed. There are said to be offsetting forces.

Import competition could dampen inflation. Consumer purchasing power — income adjusted for inflation — would improve. With lower inflation, interest rates might drop; indeed, long-term interest rates have already declined by about a percentage point since spring. And Asian economies might recover sooner rather than later.

It is all guesswork.

Japan — its economy stagnant, its banks weak — remains a troubling enigma. Elsewhere in Asia, slumps might trigger popular backlash. In South Korea there are already protests against the tough conditions attached to the IMF's loan. And the U.S. economy still shows some worrisome signs of rising inflation. No one knows how the uncertainties will converge.

The pessimism of the past underestimated the U.S. economy's basic vitality. Today's optimism may mistake strength for invulnerability. It would be nice to be wrong.

This comment is taken from a longer article in Newsweek.

For the Mideast, Better a Big Deal Than a Big Disaster

By Jim Hoagland

PARIS — American officials insist that Washington and its allies stand ready to strike Iraq militarily if Saddam Hussein continues to evade and challenge UN weapons inspections. But far away from the Potomac, such threats sound empty. They seem to have little chance of ever being carried out.

Officials in the French capital talk of the time for military action in this crisis as having passed once and for all. The remaining problems with Iraq can and will be settled by diplomacy, they suggest, leading inevitably to the lifting of economic sanctions, even if Saddam is still in power.

Left unsaid but not far from the surface is the French sense that the Clinton administration is locked into losing policies in Iraq, Iran and the Middle East peace process. France does not hitch its wagon to losers.

In theory, the United States can still act alone, militarily or diplomatically, and retrieve its eroding position in the Gulf and Middle East. In practice, the Clinton administration's options in this crisis are withering rapidly as the world accommodates itself to the illusion that the presence of UN inspectors inside Iraq means that all is well.

That is a false assumption. It was only by accident through the desertion of Saddam's son-in-law in 1995 that the UN Special Commission learned the extent of the atomic, biological and chemical weapons material that the Iraqis had successfully hidden from its inspectors, and where to look for that material.

There have been no serious inspections in Iraq for nearly two months. The regime has had plenty of time to work out new hiding places and techniques for its weapons of mass destruction and surviving missiles. Baghdad can string out discussion of new inspection rules for another month, or two, and continue chipping away at the strong coalition that went to war against Iraq in 1991.

If Saddam Hussein does not overplay his hand, Bill Clinton will be tempted to settle for an apparent success to get himself off the Iraq hook. In a cosmetic success, the UN inspectors would still be in Iraq, but the regime would be able systematically to frustrate their work while France, Russia and others push for the lifting of sanctions.

How to avoid being pushed into that situation? The surest way would have been to use significant force against Saddam and tie it to a political strategy to finally overthrow him. The results of the Gulf War, which led to the first serious Israeli-Palestinian peace talks in Madrid and eventually to the Oslo agreements, suggest that force can produce positive change and that nervous Arab and European allies will follow a determined U.S. lead.

But Mr. Clinton's aversion to that approach is now clear. Saddam, and the French, seem to have read this president accurately: Diplomacy, and dealmaking, are the only tools available to U.S. policy at this stage of the confrontation.

Unable or unwilling to change the regime in Baghdad, Mr. Clinton can still change the environment in which Saddam operates. The American president must offer a Grand Bargain for the entire region to bring Arab and European allies into a reinvigorated containment program in which maintaining sanctions and forceful, invasive inspections in Iraq would be key elements.

Relaxing U.S. attempts to isolate Iran would have to be part of the new arrangement with the Arabs and Europeans on Iraq. So would clear and effective U.S. pressure on the Netanyahu government to halt new settlements on the West Bank while final status talks with the Palestinians take place.

Mr. Clinton must paint a regional triptych rather than the three separate, ineffectual policy tableaux that he has sketched intermittently.

This is a tall diplomatic order with some unappetizing elements. Whatever their flaws, Benjamin Netanyahu's policies are not the cause of the confrontation with Saddam Hussein. But Iraq has exploited the tensions rising from the Israeli leader's destructive assaults on the legitimacy of the Palestinian Authority and on the agreements he inherited from Yitzhak Rabin and Shimon Peres.

Concern has mounted in Europe as Mr. Netanyahu has stubbornly rejected increasingly desperate U.S. pleas on the peace process. When I asked French President Jacques Chirac, who met Mr. Netanyahu here on Dec. 6, if the Israeli knew where he was going, Mr. Chirac immediately responded: "Yes, he knows where he is going. I fear we are the ones who do not know where we are going [in the Middle East]."

On Iraq, President Clinton has narrowed his options to a big deal or a big disaster. Despite all its drawbacks, the deal is the better outcome.

The Washington Post

Turks and Israelis Get Together

By William Safire

WASHINGTON — Two meetings this week will affect the power balances of tomorrow's Middle East.

Most eyes are on Tehran's Islamic Conference, where leaders of 55 mostly Muslim nations listen impassively to a radical ayatollah — whose internal theological authority they know is crumbling — rail at the "poisonous breath" of the United States and Israel.

Less noticed but far more significant is Turkey's answer to fundamentalists and dictators: the first official visit to Turkey of an Israeli defense minister, accompanied by a large delegation of military officials, technicians and business executives.

Turkey is a secular Muslim country. As its neighbors that are Arabs — led by Iraq, Syria and Egypt — passed a resolution in Tehran denouncing the Turks for their growing ties to Israel, the defense minister of Turkey coolly replied: "We respect the Islamic Conference, we belong to it, but we cannot allow it to dictate our relations."

The man who has done most in the past eight years to bring about this tectonic shift is the former Israeli air force general David Ivri. Reached by telephone in Ankara on Tuesday, the nonpolitical Mr. Ivri told me: "Despite the passionate statements from other countries, this strategic tie is stabilizing. It's not directed against anybody."

Except aggressors.

Turkey needs some new friends in the world. It sees Syria playing host in Damascus to the PKK Kurds trying to break off a large piece of Turkey. It sees Iraq and Iran developing fearsome new weapons and the missiles to deliver them.

It sees Germany and Greece selfishly blocking its entry into European integration, and its importance to NATO diminished with the temporary reduction of the Russian threat.

What can Turkey get from its new bonds with Israel?

It has already contracted for a $630 million modernization of its air force — 54 of its outdated fighters will be equipped with the latest avionics and radar systems, and a new deal is in the works for 48 more. That does not turn them into F-15s, but it will enable them to knock down what nasty neighbors might send aloft.

Also, Israelis know how to build advanced tanks; talks are under way on a joint design for production in Turkey.

Ground-to-air missiles are on the shopping list. Because the U.S.-Israeli military tie is not subject to political vicissitudes, Turkey will look to Israel to get American permission to sell Arrow anti-missile missiles (a joint U.S.-Israel defensive weapon coming on line in 1999), and to urge the United States to help Ankara.

Israel's interest in the Byzantine bond goes beyond a chunk of future billions in military spending. Its airmen can now train in airspace that offers a land profile of battle sorties. Intelligence cooperation is a prospect. And a nation of 6 million is more willing to take risks for peace with a nearby nation of 60 million as a strategic partner.

The Israelis will leave it to the Americans to remind Ankara, cracking down on Kurdish separatists and closing up the religious party, about the value of human rights. The Turks know that the United States will do that, too, despite its need for Turkish bases to maintain the no-fly zone over northern Iraq.

Before Prime Minister Mesut Yilmaz visits the White House next week, I expect him to throw the outspoken Kurdish dissident Leyla Zana out of prison, although that member of Parliament prefers to remain locked up for dramatic impact.

As Mr. Ivri foresaw, the logic of Turkish-Israeli military, economic and technological ties (it is impolitic to call the new relationship an alliance) is greater than Islamic solidarity or European clubbiness. Common threats create mutual interests, and growing trust develops comrades in more than arms.

In ancient times, Jews and Greeks lost to Romans, who were swallowed up by the Byzantine Empire, which was broken up by Turks, Persians, Russians, Arabs and Venetians.

In modern times, Turks and Jews protect themselves against Persians and the Arabs of Iraq and Syria, who are supported by Russians, Greeks and the Goths and Romans of Europe. The Venetians seem to be out of it, as are the Americans.

The New York Times.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Spain's Honor

MADRID — Senor Robledo made a speech before a great meeting of irreconcilable Conservatives. He declared that the granting of autonomy to Cuba was a violation of the Spanish Constitution, equivalent to a *coup d'état*, but added that these abuses would be one day swept away by an indignant whirlwind of popular justice. "The Liberals have deceived us in putting the honor of the country in the hands of foreigners. They will receive a check in less than twenty days, because the Conservative party is watching."

1922: Smart Coquettes

NEW YORK — Mlle. Cécile Sorel, the Parisian actress, lecturing on coquetry, urged its glorification as an inspiration to men to do great deeds, declaring: "A woman can inspire only by being great herself. An intelligent woman is the most fascinating in the world; she is more interesting and more alluring than the woman whose beauty is without intellect. A woman cannot be really beautiful unless she is intelligent."

1947: Belgian Royalty

BRUSSELS — The Belgian Chamber of Deputies gave Premier Paul Henri Spaak's coalition government a re-sounding vote of confidence on his handling of the controversial question of the monarchy. M. Spaak asked the vote of confidence after he had told the Chamber that King Leopold III had not done his duty toward Belgium's allies during the war. The King's political attitude, the Premier added, was "not the one we would have liked to see him adopt." M. Spaak wished to stress that the problem "is not one of the King's honor."

صكذا من الأصل

OPINION/LETTERS

Italy Is Waking Up, and Germany Should Take Note

By Robert A. Levine

VAISON-LA-ROMAINE, France — What happens when a giant wakes up? Europe in general, and Germany in particular, are about to find out.

Italy, which in the years since World War II has become an economic giant by European measures, is finally emerging from its long and troubled political sleep.

After what might be considered 1,500 years of ineffective government — starting with the fall of the Roman Empire and continuing through Fascism and postwar corruption — Italy under Prime Minister Romano Prodi is becoming a strong, modern democracy.

In October, Mr. Prodi beat back a challenge by the "unreconstructed" Communists to his government and the new regime; in December, his center-left coalition did nicely in local elections against the right-wing opposition.

As a result of this new political stability and Italy's economic strength, membership in the first round of European Monetary Union, set to start Jan. 1, 1999, seems an almost sure thing.

As recently as last spring, Germans were saying that the Kohl government's strong opposition gave Italy no more than a 1-in-5 chance of membership. Since then, Italy has grown politically stronger while Germany has shown increasing signs of weakness, starting with the springtime antics of Finance Minister Theo Waigel.

Italy will have to resort to some tricks to get under the 3-percent-of-GDP deficit criterion for membership, but so will Germany — even without the revaluation of Bundesbank gold suggested by Mr. Waigel and laughed out of court.

Economically, Italy has been one of the best performers among the European Union's large members in the 1990s.

Another has been Britain. It is no coincidence that both nations dropped out of the European payments system five years ago, devaluing their currencies and ending their bondage to the tight-money policies of the Bundesbank.

True, Italian unemployment has been above 12 percent, but northern Italians contend that their region is the richest in Europe and that national statistics are dragged down by the southern Mezzogiorno. That problem has been around for a good part of the last 1,500 years, however. In recent years, Italy has handled it at least as well as Germany has managed East German reconstruction.

Monetary union membership is important to Italy as an aid to continuing internal reform. Unlike the majority of Germans, who would like to drop the whole thing, and the French, who want monetary union without the required austerities, the Italians are strongly pro-monetary union. They want to leave the corrupt years behind and are willing to accept the necessary sacrifices.

Monetary union membership will provide useful external discipline, but internal momentum for reform is strong enough that postponement or even collapse of monetary union would do little harm within Italy. What would hurt, however, is an on-time start without Italy, which is still desired by many Germans. That would reinforce the political inferiority complex that the Italians are outgrowing.

The German attitude resembles that of the husband in a story related by the American nuclear strategist Herman Kahn.

The nation would be hurt if monetary union started on time but without it.

The man's wife painted the kitchen blue, even though she knew her husband hated the color. When he threatened to leave, she relented to the extent of repainting the kitchen a very pale blue. He began to pack. Finally she surrendered and covered the walls with stark white paint. "It's still blue underneath," he said as he went out the door.

For the Germans, no matter how strong its economy and how reformed its politics, Italy is still blue underneath. Yet Germany is largely responsible for the difficulties that all European economies, including its own, have in meeting the monetary union criteria.

If Italy's problems go back to conditions that antedate Mussolini, Germany's problems go back to the conditions that produced Hitler. German economic policy is still based on the hyperinflation of the early 1920s.

Since 1990, the Bundesbank has kept interest rates high to counter the inflationary pressures stemming from German deficit financing of reunification. The expansionary effects of the deficit have been confined largely to Germany; the contractionary effects of the high rates have been felt throughout Europe. French unemployment, like Italian, has hovered around 12 percent.

The Deutsche mark, which until unification assured German prosperity, has remained firm. The desire to retain that firmness motivates German doubts about Italy, and indeed doubts about entering monetary union at all. The same motive produced Mr. Waigel's "stability pact," which will impose deficit constraints and tight money — and continuing high unemployment — on Europe after monetary union comes into being.

Italy wants into monetary union and, whatever its underlying blueness in German eyes, it seems on its way. Whether Italy, and the rest of Europe, will enjoy membership under a continuation of the policies that have caused the high unemployment of the years since German unification will be a major question for Europe as it enters the 21st century.

The writer is a senior economist emeritus at the Rand Corporation. He contributed this comment to the International Herald Tribune.

There's Hope for Iran, Or Soccer as Metaphor

By Ramin Golbang

OSLO — I believe strongly that a national soccer team is a microcosm of the society it comes from. Thus I was not optimistic about Iran's chances of qualifying for the 1998 World Cup.

The team had stagnated during the eight years of war with Iraq, and the Iranian coach was known for putting the Islamic qualifications and beliefs of his players above everything else.

MEANWHILE

Iran's performance in the first two games of this year's qualifying rounds was not impressive, but Iran was still at the top of the group. With one game remaining, against Qatar, things seemed promising.

During the Qatar-Iran game, I was on my way to Italy. Running late for a plane, I stopped to call my parents in Tehran. My brother answered:

"The result?" I asked.

"2-0 Qatar."

"WHAT?" I cried. Qatar had always been the far weaker team.

"You should have seen the game," he said. "The players' morale is low. They looked unable or unwilling to play. Everyone here is depressed. They can't believe what's happened."

He told me things were so bad that there was even talk of hiring a Brazilian coach.

"A non-Muslim leading the Iranian team?" I asked sarcastically.

"Things are serious," my brother said. "People are angry."

It was even rumored that the president had been asked to do something, he added.

I said I could understand: For the first time since the Islamic Revolution, Iranians had the possibility of seeing their country associated with a prestigious international event instead of terrorism and fundamentalism.

When I got settled in the plane I realized that that was one of the longest conversations I'd had with my brother since I left Iran 11 years ago.

Later, in the hotel in Italy, I heard the news that the entire Iranian coaching staff had been sacked and the top job given to a Brazilian coach.

Iran lost its next game, to Japan, 2-3. Next for Iran were home and away games against Australia.

The first game, in Tehran, ended 1-1, with Iran dominating.

It's Nov. 29 and the return game is being played in Australia. I'm feeling extremely pessimistic. But I notice something strange: Iran's Brazilian coach is wearing a suit and tie, something that would have been impossible just two years ago. For Iran's Islamic government, a tie is a symbol of the West.

The Australians are bombarding Iran's goal. Two minutes into the second half and Australia is ahead by two goals to nil.

But with 15 minutes of the game remaining, Iran scores.

Three minutes later, Iran scores again: 2-2.

The referee blows the final whistle. Because of the away-goal rule, Iran has won, earning a place at the World Cup next year in France.

I run to call my parents.

"They made it! Iran made it!" I cry.

After hanging up, I rewind the tape to watch the last 15 minutes again. There are some things I hadn't noticed the first time.

The Iranian players running around the field wave different versions of the Iranian flag.

Iranian supporters of all kinds — emigrés, refugees, supporters of the Islamic regime carrying pictures of Khomeini — are all hugging and kissing the players.

At the first game with Australia, in Tehran, it was reported that there were only two women among the 120,000 spectators. Iranian women are not allowed to watch men's sports.

But now, when the returning Iranian players are flown from Tehran's airport by helicopter to the same stadium, thousands of women are there to greet them. Iran knows the world is watching.

Eleven years ago, as I crossed the border from Iran to Pakistan, I looked back at the mountains, colored deep red. What was running out of my eyes then had a taste of despair and loss. As I rewatch the closing scenes of the game, what I taste is joy and hope.

The writer, a student in astrophysics in Oslo, contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

Czech Shake-Up

Regarding "Foreign Investors Find Much Fault With Czech Deals" (Dec. 3):

There was nothing wrong with the early years of Vaclav Klaus's leadership. As is the case with a lot of other politicians, times changed and passed him by. He did not allow his leadership style to reflect this change. The first five years of the Czech transformation were not a mirage but a well-thought-out plan for a swift transformation from totalitarianism to a democracy as vibrant as any in Europe.

When Mr. Klaus's "five-year plan," largely conceived abstractly in Communist-era think tanks, expired, a by then very tired government was unable to adjust to the new political reality. Mr. Klaus should be remembered for the many important things he achieved, not for the fact that he remained in office too long.

It remains to be seen whether any of the Klaus "replacements" achieve anything comparable. My guess is they will be more transitional than long-term leaders.

Mr. Klaus is gone, and that's good. But the bad news is largely exaggerated.

HARVEY M. SCHUSTER.
Prague.

Regarding "Czech Prime Minister Quits as Instability Shakes Nation" (Dec. 1):

The article says that foreign investors are "disenchanted" with the Czech Republic and that "Czech companies have attracted few foreign strategic partners."

The figures, however, prove the opposite.

In a survey of the 620 leading foreign manufacturers in the Czech Republic made this summer, nearly 54 percent were identified as joint ventures or strategic Czech-foreign partnerships.

Our survey also showed that, far from being disenchanted, 66 percent of foreign-backed manufacturing companies intended to expand their operations in the Czech Republic by the end of 1998.

JAN AMOS HAVELKA.
Prague.

The writer is chief executive of the Czech Agency for Foreign Investment.

Einhorn's Release

Regarding "France Releases Fugitive Convicted of U.S. Killing" (Dec. 6):

Ira Einhorn's French lawyer called a Bordeaux court's refusal to extradite the convicted killer "a lesson in human rights" for Americans. This is not an isolated case of jailhouse lawyer claptrap but is symptomatic of a wider French attitude toward Americans.

Let's remember that Mr. Einhorn fled his native country, which guaranteed him a trial by jury and the right to appeal. Let's remember that France has an extradition treaty with the United States.

Let's also bear in mind that the French government has backed oil deals with a crackpot dictator whose idea of human rights does not include jury trials.

France and the world will be better off when the French decide to act for themselves instead of against the United States.

D. T. WALTERS.
Ramonville St Agne, France.

Muslim Summit

How would the Muslim world react — not to mention the Jewish, Hindu and atheistic worlds — if Europe, North and South America, Australia, New Zealand and South Africa called a "Christian Summit" and heads of state, or their delegates, attended in an official capacity? We'd never hear the end of it.

Why does the world react so supinely to such an explosive mixture of politics, religion and international affairs as the Muslim summit meeting in Tehran?

D. B. TIMMINS.
Geneva.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

AMERICA ON FILM: Hollywood and American History

By Kenneth M. Cameron. 272 pages. $29.50. Continuum.

Reviewed by Peter Esmonde

HOLLYWOOD lies. Blatantly, unashamedly, habitually. Somewhere between the Biograph prop shop and Oliver Stone's trailer, Tinseltown lost its sense of historical propriety. For the studios, history serves mostly as an excuse for glitzier costumes, more elaborate sets and some very odd casting. Calamity Jane (in the person of Doris Day) prances and sings; Fred MacMurray (Lewis) and Charlton Heston (Clark) vie for the charms of Sacajawea — Donna Reed to you. Who's behind that false nose on Honest Abe? Why, it's Henry Fonda!

Hollywood's skewed view of American history may not exactly be news, but it was enough to send Kenneth M. Cameron scurrying to the screening room. In "America on Film: Hollywood and American History," he lays bare Hollywood's historical hokum for all to see.

It's a daunting task: three centuries of American history, 90 years of cinema and approximately 500 "historical" films — more celluloid than any sane person could reasonably be expected to chew. Cameron selects only movies that include "a real person and some version of a real and specific event." This is a sensible definition but an awkward framework for analysis; it leads him to consider "The Story of Vernon and Irene Castle" as history — but not "Gone With the Wind" or "Birth of a Nation." Rather than organize these 300 films by historical period, genre or studio, the author divides them somewhat arbitrarily by decade — then crams his findings into 272 pages.

Not surprisingly, the study substitutes breadth for depth. Cameron speedily passes judgment on most films in two or three paragraphs; some (such as Buster Keaton's "The General") are brushed aside in one. After a promising introduction, the book lapses into an endless series of capsule reviews. One begins to wonder just how the author screened so many films without burning rectangular holes in his retinas.

"America on Film" judges the period dramas and musicals not on their own merits but by virtue of simple factual accuracy. Cameron ridicules anachronistic costumes and firearms, mocks flaws in basic chronology and bemoans stylized performances, but pauses only sporadically to discuss their significance and pose larger questions.

Is "historical" fiction film truly a genre or simply a catchall category? How have Hollywood films reshaped the way we narrate history? What compels each generation of filmmakers to retell certain stories — such as the gunfight at the O.K. Corral — again and again? The author addresses these questions only in the most cursory way before resuming his once-over-lightly study of screen minutiae.

Having written a well-regarded study of African film, Cameron has demonstrated that he can be a perceptive and sensitive reviewer. He offers some canny insights on portrayals of minorities and women in films of the 1950s, and displays a keen interest in the depiction of blacks and Jews in showbusiness biopics. A section called "films of female victimization" includes a thoughtful analysis of Richard Fleischer's "The Girl in the Red Velvet Swing." "America on Film" concludes with some telling remarks on folk culture and popular entertainment. But the book's narrow, literal approach almost always obscures a larger truth.

For better or worse, Hollywood has used history merely to lend credence and production values to drama. Given a confusing, troubling reality, its filmmakers chose instead to "print the legend," and created some spellbinding movies in the process.

Griffith, Ford, Hawks, Huston and Peckinpah were not historians; they were consummate storytellers, painstakingly crafting myths for the American public to live by. Anyone who critiques these films as straightforward history is simply missing the point.

The author's dismissal of John Ford's "Young Mr. Lincoln" as a "false" biography is sadly typical. Released in 1939, the movie pointedly presages the coming world conflict. As storm clouds gather and lightning flashes, Lincoln — standing alone and vulnerable atop a distant hill — walks off to face an uncertain future. It's an astonishingly poignant image. But seeing only historical laxity, Cameron condemns Ford's brilliant depiction of an American icon as "wholly artificial," "simply wrong," "frontier kitsch."

YES, Hollywood lies. It has told some of the most compelling, scarifying and heart-wrenching lies of the 20th century. Its lies have entertained countless millions and enriched this culture in ways that Cameron's scattershot analysis cannot begin to address.

"America on Film" is a remarkably superficial work, at times little more than a fact-check masquerading as cultural criticism. One wonders how anyone could see so many films and miss so much of their richness and depth. For all the time and effort spent watching these movies, Cameron remains in the dark.

Peter Esmonde, who was trained as a filmmaker and who teaches at New York University's Tisch School of the Arts, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

DR. George Rosenkranz of Mexico City finished second in the Reisinger Board-a-Match Team Championship at the age of 81 years and 3 months.

In bridge, he is famous as a player, theorist and writer. In the wider world, he is famed as one of the two men who synthesized the birth control pill in 1951. His teammates in were Eddie Wold and four Polish stars, Marek Szymanowski, Marcin Lesniewski, Cezary Balicki and Adam Zmudzinski.

On the diagramed deal from the Reisinger final, Rosenkranz as South landed in two hearts after his right-hand opponent had made a light third-seat opening bid. He won the opening club lead with the ace, and had a planning problem.

One possibility was to lead diamonds immediately, insuring a ruff in that suit. But this was board-a-match scoring in which overtricks are crucial, and he made the normal play of crossing to the heart king and leading a diamond, expecting the opening bidder on his right to have the ace.

When his king lost to the ace, West returned a trump, won with the ace. Another diamond lead allowed West to win with the queen and play his last trump, preventing a ruff. East gave up a diamond, and South was battling for a vital overtrick in the tricky position shown at right.

Leading a diamond would have permitted East to win and return the suit, leaving South with two spade losers. Instead, Rosenkranz led both his trumps. East gave up a diamond and a club, the best he could do, and was given the lead with a diamond. On the club king South threw the spade deuce, and made the last three tricks, winning the board.

NORTH
♠ 6 5 4
♡ K 9 3
◇ 9 8
♣ J 8 7 6 3

WEST (D)
♠ J 9 7 3
♡ J 10 4
◇ A Q 5
♣ 9 5 2

EAST
♠ K 10 8
♡ 8 2
◇ J 6 3 2
♣ K Q 10 4

SOUTH
♠ A Q 2
♡ A Q 7 6 5
◇ K 10 7 4
♣ A

North and South were vulnerable.

The bidding:

West	North	East	South
Pass	Pass	1 ♠	Dbl.
1 ♠	Pass	Pass	2 ♡
Pass	Pass	Pass	

West led the club two.

NORTH
♠ 6 5 4
♡ —
◇ —
♣ J 8 7 6

WEST
♠ J 9 7 3
♡ —
◇ 5
♣ 9 5

EAST
♠ K 10 8
♡ —
◇ J 6
♣ K Q

SOUTH
♠ A Q 2
♡ 7 6
◇ 10 7
♣ —

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HEALTH/SCIENCE

TOMORROW: LEISURE

Using Magnets to Ease Pain? Even Skeptics Are Shocked

By Lawrence K. Altman
New York Times Service

NEW YORK — No one was more skeptical about using magnets for pain relief than Dr. Carlos Vallbona, former chairman of the department of community medicine at Baylor College of Medicine in Houston. So Dr. Vallbona was amazed when a study he did found that small, low-intensity magnets worked, at least for patients experiencing symptoms that can develop years after polio.

Dr. Vallbona had long been fascinated by testimonials about magnets from his patients, and even from medical leaders. But his interest in magnet therapy became more serious in 1994 when he and a colleague, Carlton F. Hazlewood, tried them for their own knee pain. The pain was gone in minutes. "That was too good to be true," Dr. Vallbona said.

Dr. Vallbona knew that the power of suggestion can fool both patient and doctor. But he also wondered: Could strapping small, low-intensity magnets to the most sensitive areas of the body for several minutes relieve chronic muscular and joint pains among patients in his post-polio clinic at Baylor's Institute for Rehabilitation Research.

Valid studies could allow consumers to make informed choices. And if magnet therapy were found to be safe and effective, it could relieve pain with fewer drugs — and their unwanted side effects.

Endorsements from professional athletes are one reason Americans spend large sums on magnets to seek pain relief. But most doctors take a "buyer beware" attitude because many claims lack scientific proof or explanation of how they might work. The Food and Drug Administration has warned doctors and manufacturers about health claims for magnets.

Aware of the medical profession's skepticism about magnet therapy, Dr. Vallbona sought to conduct science's most rigorous type of study. Participants would agree to allow the investigators to randomly assign them to groups getting treatment with active magnets or sham devices. But neither the patients nor the doctors treating them would know what therapy was used on which patient.

First, Dr. Vallbona informally tested magnets on a few patients. One was a priest with post-polio syndrome who celebrated Mass with difficulty because of marked back pain that prevented him from raising his left hand. After applying a magnet for a few minutes the pain was gone, Dr. Vallbona recalled, and, "the priest said this was a miracle."

Then a human experimentation committee allowed Dr. Vallbona to test 50 volunteers with magnets that were slightly stronger than refrigerator magnets. They were made in different sizes to be fitted over the anatomic area identified as setting off the pain.

It was difficult to design a system to prevent participants from learning whether they were being treated with a magnet or a sham. So Dr. Vallbona asked Magnaflex Inc., a magnet manufacturer in Corpus Christi, Texas, to prepare active magnets and inactive devices that could not be told apart. The devices were labeled in code.

AFTER the investigators identified the source of the pain and then pressed on it, the 39 women and 11 men in the study graded the pain on a scale of 0 (none) to 10 (worst). Then after the experimental treatment, the participants rated their pain in a standard questionnaire. The volunteers were tested only one time.

The 29 who received an active magnet reported a reduction in pain to 4.4 from 9.6, compared with a smaller decline to 8.4 from 9.5 among the 21 treated with a sham magnet.

The Baylor scientists emphasized that their study applied only to pain from the post-polio condition. Nevertheless, their report in last month's issue of Archives of Physical and Rehabilitation Medicine, a leading specialty journal, has shocked many doctors who have scoffed at claims for magnets' medical benefits.

In an article about magnet therapy for chronic pain published five months ago, Dr. William Jarvis, a professor of public health and preventive medicine at Loma Linda University in California and president of the National Council Against Health Fraud, dismissed magnet therapy as "essentially quackery."

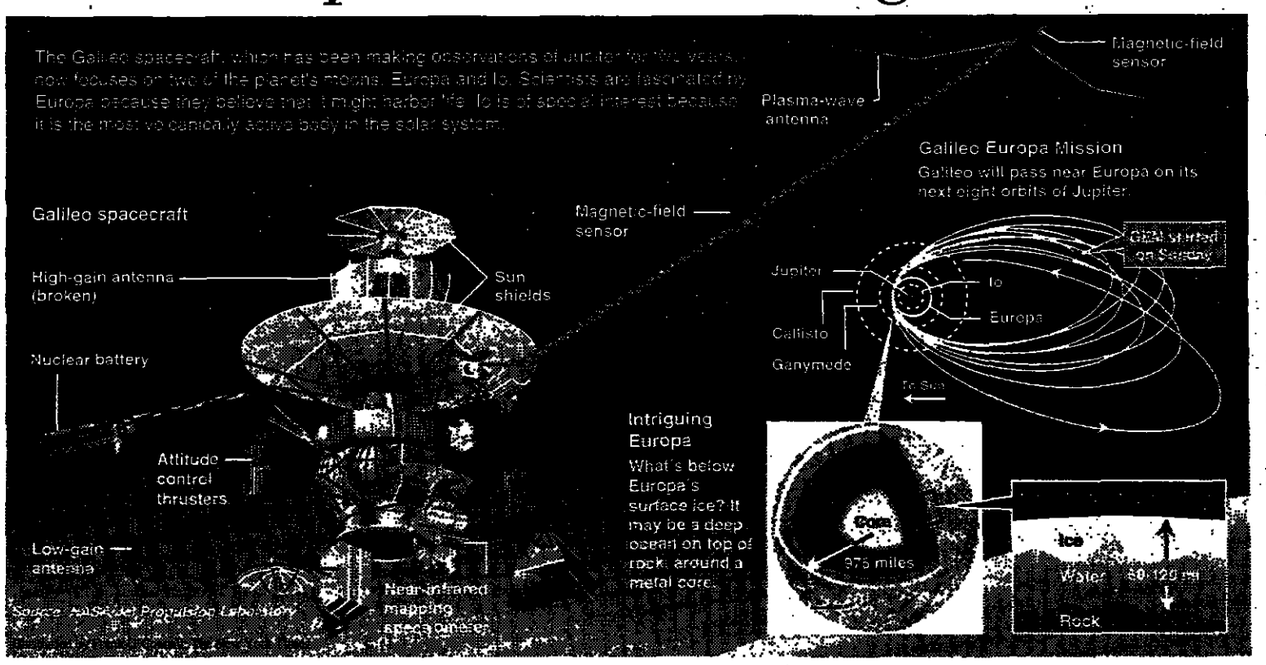
Now, Dr. Jarvis said in an interview, the Baylor study has changed his mind. "But like any other pilot study, it needs to be replicated," he said.

Dr. Vallbona's findings have led him to try to carry out a larger study in several medical centers, and they are expected to lead other investigators to conduct their own studies.

Dr. Lauro S. Halstead of the National Rehabilitation Hospital in Washington, who was a pioneer in studying the post-polio syndrome, was among experts who said that further studies were needed to answer such questions as: Will various strength magnets produce different degrees of benefit? How long does the pain relief last? Will the effect wear off after multiple applications? For what other conditions might magnets work?

A Closer Look at Jupiter's Hot and Frigid Moons

By John Noble Wilford
New York Times Service



NEW YORK — Looking into the heavens with his new telescope in 1610, Galileo caught sight of "four stars that wander around Jupiter as does the moon around the Earth." They were not stars, he soon realized, but satellites that orbit the giant planet in much the same way the planets themselves travel around the sun. The discovery finally demolished the human conceit that Earth is the center of the solar system, even the universe.

On Sunday, a spacecraft named for the Italian astronomer completed its two-year primary mission of orbiting Jupiter, bringing the four moons into sharper focus, and now it is about to get even closer looks. What were to Galileo moving specks of light — Io, Europa, Ganymede, and Callisto — stand revealed as surprisingly disparate worlds promising more discoveries about nature's capacity for infinite variety.

Nothing like Io has ever been seen. This innermost of the large Jovian moons is being pulled first one way and then the other in a gravitational tug-of-war between Jupiter and neighboring moons. This causes a tidal flexing that heats Io's rocky interior to explosive pressures. Plumes of erupting sulfur and silicates have been photographed rising from Io's white, yellow, and brown surface. As the most volcanically active body ever observed, Io presents a constantly changing face to spacecraft, first the two Voyagers flying by in 1979 and now Galileo.

Photographs of Ganymede, the solar system's most massive moon, show an icy surface pocked with craters and etched with the deep cracks of a turbulent past, presumably also caused by tidal flexing. The outermost Callisto, almost as large as Ganymede, appears to exist in a deep freeze away from the gravitational tidal forces. Internal heat has not been at work to significantly alter Callisto's ice-covered face or clear up the scars of countless meteorite impacts over several billion years.

As for Europa, smallest of the four, not quite as big as Earth's moon, the Galileo spacecraft's findings offer striking circumstantial evidence of an ice crust concealing a global ocean of subsurface water warmed by tidal heat. And where there is heat and liquid water, scientists point out, life in some form might thrive. So far, though, there is no evidence for European life, only conjecture.

"Europa emerged as the star of the Galileo mission," said Dr. William B. McKinnon, a planetary scientist at Washington University, in St. Louis, Missouri. "It was the least known of the large Jovian moons, but has turned out to be the most interesting."

Moreover, the role of powerful tidal forces in warming and reshaping Europa and other Jovian moons has also emerged as one of the most provocative problems in planetary science, challenging the imaginations of scientists. One of their new theories holds that the gravitational tugging has over long periods of time changed the orbital positions and interactions of the moons.

For these reasons, the National Aeronautics and Space Administration has agreed to extend Galileo's operations for another two years, concentrating on eight consecutive close encounters with Europa to obtain even more detailed pictures, gravity and magnetic readings and other data. On the first of these passes, on Dec. 16, the spacecraft is expected to fly within 200 miles of Europa's surface, close enough to see anything as small as a truck.

Project officials at the Jet Propulsion Laboratory in Pasadena, California, said the craft was on course and in good condition for the extended mission. After the Europa fly-bys, Galileo is to make four passes by Callisto, using that moon's gravity to change course toward Io. For its finale in late 1999, Galileo is supposed to take a potentially suicidal plunge through Jupiter's intense radiation belts for a couple of close looks at Io's tide-generated volcanic upheavals.

The extended operations are budgeted to cost no more than $30 million, on top of the $1.3 billion spent building the spacecraft and conducting the mission since it was launched in 1989.

THE failure of the craft's main antenna to deploy has limited data transmission, particularly the number of high-resolution photographs returned from each moon encounter. But project officials said that they have managed to accomplish at least 70 percent of their scientific objectives.

"The team has done a splendid job getting data back from what is essentially a crippled spacecraft," said Dr. Steven Squyres, of Cornell University, an adviser to NASA.

When the two Voyagers photographed Europa, for example, they could see little more than that its plains of ice appeared for the most part to be as smooth as glass. Scientists were left to wonder what phenomena were responsible. Something must be periodically erasing the scars from meteorite impacts. One astronomer, Dr. Fraser P. Fanale, of the University of Hawaii, had speculated that a subsurface ocean would provide the warmth needed to keep the surface sufficiently pliant to retain a pristine appearance.

Galileo's camera produced strong clues that he was probably right. The first close-up pictures showed huge ice blocks standing above the crust like icebergs. The view reminded scientists of pack ice on a polar sea.

The mounting evidence for a vast hidden ocean on Europa has some of the more exuberant scientists in the Galileo project claiming that they are the first to discover a new ocean since Balboa laid eyes on the Pacific nearly 500 years ago.

Examining the pictures, Dr. Ronald Greeley, a planetary geologist, at Arizona State University, in Tempe, said: "The size and geometry of these features lead us to believe there was a thin icy layer covering water or slushy ice, and that some motion caused these crustal plates to break up."

Small, dark spots in Europa pictures also provide tantalizing clues. Warm ice could be rising buoyantly from a sea below. Some dark splotches appear to be some type of icy volcanic flow.

Ice Samplings Trace Poisoning Of Ancient Rome

By Malcolm W. Browne
New York Times Service

NEW YORK — Samples extracted from Greenland's 2-mile-deep (3.2-kilometer) ice cap have yielded evidence that ancient Carthaginian and Roman silver miners working in southern Spain fouled the global atmosphere with lead for about 900 years.

The Greenland ice cap accumulates snow year after year, and substances from the atmosphere are entrapped in the permanent ice. From 1990 to 1992, a drill operated by the European Greenland Ice-Core Project recovered a cylindrical ice sample 9,938 feet (3,000 meters) long, pieces of which were distributed to participating laboratories. The ages of successive layers of the ice cap have been accurately determined, so the chemical makeup of the atmosphere at any given time in the past 9,000 years can be estimated by analyzing the corresponding part of the core sample.

Using exquisitely sensitive techniques to measure four different isotopes of lead in the Greenland ice, scientists in Australia and France determined that most of the man-made lead pollution of the atmosphere in ancient times had come from the Spanish provinces of Huelva, Seville, Almeria and Murcia. Isotopic analysis clearly pointed to the rich silver-mining and smelting district of Rio Tinto near the modern city of Nerva as the main polluter.

The results of this study were reported in the current issue of Environmental Science & Technology by Dr. Kevin J. R. Rosman of Curtin University in Perth, Australia, and his colleagues there and at the Laboratory of Glaciology and Geophysics of the Environment in Grenoble, France.

One of the problems in their analyses, the authors wrote, was the very low concentrations of lead remaining in ice dating from ancient times — only about one-hundredth the lead level found in Greenland ice deposited in the past 30 years. But the investigators used mass-spectrometric techniques that permitted them to sort out isotopic lead composition at lead levels of only about one part per trillion.

All ore bodies containing lead have their own isotopic signatures, and the Rio Tinto lead ratio is 1.164. Calculations by the Australian-French collaboration based on their ice-core analysis showed that during the period 366 B.C. to at least A.D. 36, a period when the Roman Empire was at its peak, 70 percent of the global atmospheric lead pollution came from the Roman-operated Rio Tinto mines in what is now southwestern Spain.

The Rio Tinto mining region is known to archaeologists as one of the richest sources of silver in the ancient world. Some 6.6 million tons of slag were left by Roman smelting operations there.

THE global demand for silver increased dramatically after coinage was introduced in Greece around 650 B.C. But silver was only one of the treasures extracted from its ore. The sulfide ore smelted by the Romans also yielded an enormous harvest of lead.

Because it is easily shaped, melted and molded, lead was widely used by the Romans for plumbing, stapling masonry together, casting statues and manufacturing many kinds of utensils. All these uses presumably contributed to the chronic poisoning of Rome's peoples.

Adding to the toxic hazard, Romans used lead vessels to boil and concentrate fruit juices and preserves. Fruits contain acetic acid, which reacts with metallic lead to form lead acetate, a compound once known as "sugar of lead." Lead acetate adds a pleasant sweet taste to food but causes lead poisoning — an ailment that is often fatal and, even in mild cases, causes debilitation and loss of cognitive ability.

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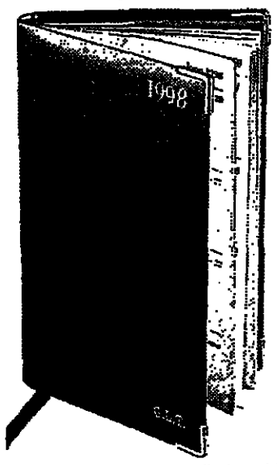

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IN BRIEF

A Lower Dosage of Estrogen

LOS ANGELES (Reuters) — Women who cannot tolerate side effects of hormone-replacement therapy might be able to derive the same benefits with a half dose, a new study suggests.

Researchers at the University of California found postmenopausal woman given half the normal dose of Estratab, a plant-based estrogen, showed improved bone density. They did not, however, have increased vaginal bleeding, a precursor to endometrial cancer, which is associated with higher doses of animal-based estrogen.

Dr. Harry Genant, a professor of medicine at the University of California at San Francisco and the lead investigator in the study, published his findings in the Archives of Internal Medicine.

Most post-menopausal women are advised to go on hormone-replacement therapy to preserve bone density and prevent heart disease. But with these benefits comes an increased risk of endometrial and breast cancer. As a result, many women find it almost impossible to decide on a course of action. Most of those who do go on estrogen stop within two years because of related risks and side effects including breast tenderness, nausea and depression.

Of Mice and Memory: Element of Fear

NEW YORK (NYT) — From research comes a mouse that cannot remember its history — even particularly unpleasant history — and is doomed to repeat it.

By knocking out a gene, scientists have knocked a big hole in the mouse's ability to remember frightening things that it has encountered. And that could mean that mice, and other mammals, have a gene for remembering fear. It may not be quite that simple, but the gene mutation undoubtedly also wipes out much of the healthy fear that underlies the instinct for self-preservation.

CROSSWORD

ACROSS
1 Twaddle
4 Sears one's steers
10 Binge
14 Gompers's grp.
15 American hardwood
16 "Aunt" with a 1979 best seller
17 Letters often followed by a number
18 Coolness
19 First name?
20 Bouquets
22 Holography needs
24 Con jobs
25 "Consider Yourself" musical
27 Stew
28 Mergenthaler patent of 1884
31 Atlanta's Bill Campbell, e.g.
33 Guys who use come-on lines?
34 Masseur's need
35 Tautomeric compound
36 Acts like a quidnunc
37 Nonexistent
38 St. Anthony's cross
39 Trigger pullers?
40 Essential parts
41 Heights
43 Kitties
44 Léger, e.g.
45 Moving to the rhythm
48 Card catalogue entries
50 Personally
52 Trollope's "Lady ——"
53 "Ars Poetica" poet
55 Cause of some shaking
56 "Put —— my tab"
57 Soccer squad
58 Quaker verb
59 "The Outsiders" actor
60 Rub' al Khali, e.g.
61 Sycophant's response

DOWN
1 Special effort
2 What the game may be
3 Come-on line
4 Rodomontade user
5 Meal
6 Start of a Marx Brothers title
7 Come-on line
8 Morse bit
9 Postcard scenes, sometimes
10 Afternoon service
11 Come-on line
12 "ER" actor Eppe
13 Dundee toppers
21 Sign up
23 River at Bristol
26 Bartender's "twists," maybe
28 Stack
30 Connecting pipes
31 Expansion team of 1962
32 Gray area?: Abbr.
33 The cardinal fire sign
36 Became extinct
37 "That's a lie!"
39 Yokel
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42 New Orleans university
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51 Narthex neighbor
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Solution to Puzzle of Dec. 10

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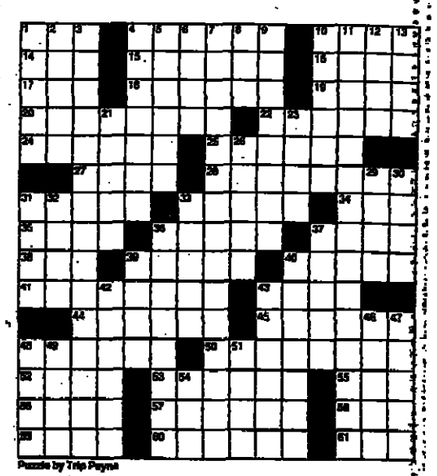

Puzzle by Trip Payne

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The Associated Press.

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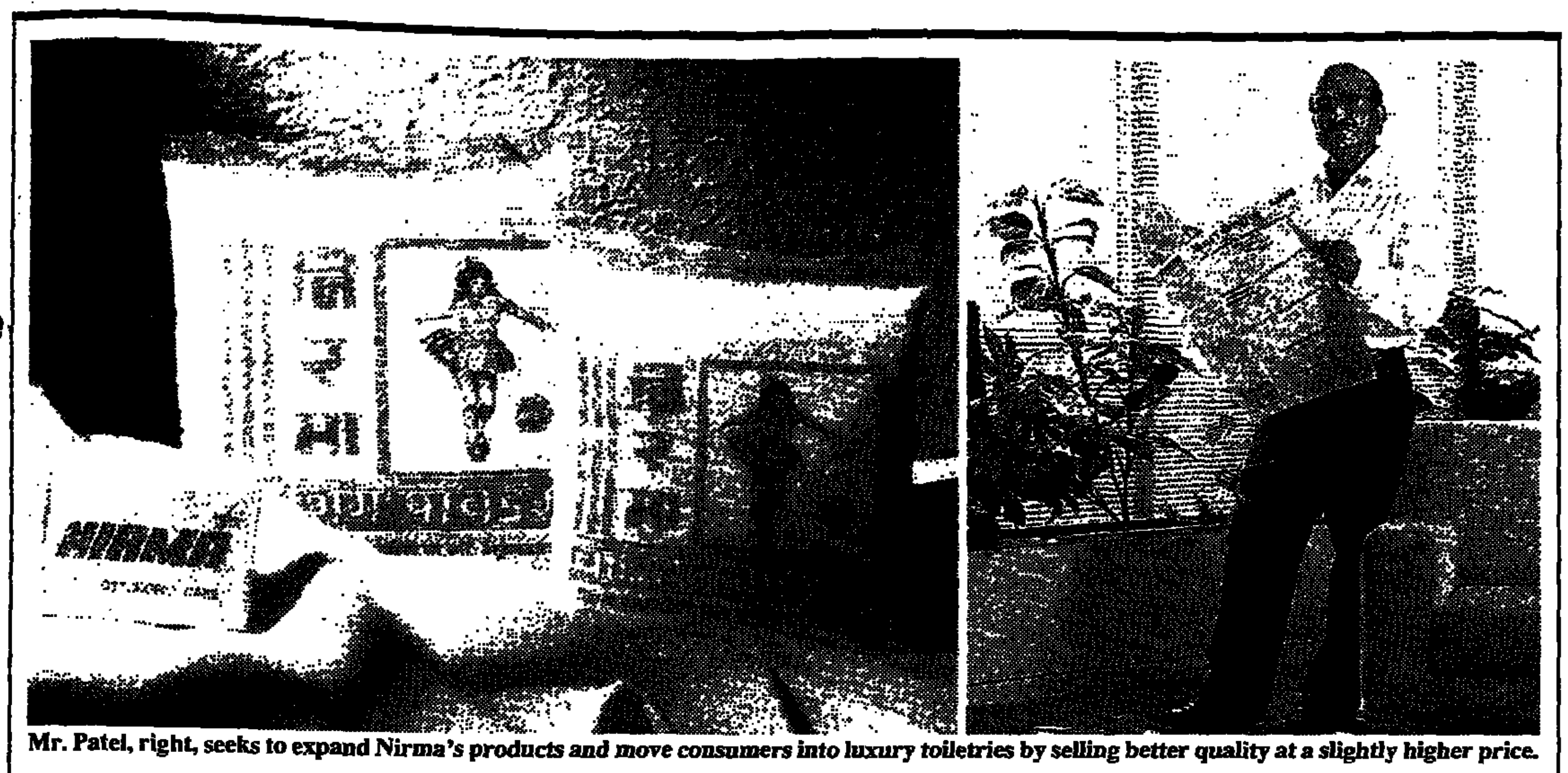

Mr. Patel, right, seeks to expand Nirma's products and move consumers into luxury toiletries by selling better quality at a slightly higher price.

Indian Soap Maker Steps Up Battle With Big Firms

By Miriam Jordan
Special to the Herald Tribune

AHMEDABAD, India — Karsanbhai Patel once had an idea about how to make a little money to supplement his wages as a state-employed chemist: He produced laundry powder in the backyard of his home and sold it by bicycle in his neighborhood — at well below the price of competing products. Within a decade, his inexpensive Nirma detergent had become India's most popular brand.

Today, Mr. Patel's company, Nirma, remains the top seller of laundry products in the country, with 40 percent of the market in terms of volume — far ahead of the global giant Unilever PLC, a British-Dutch conglomerate. Market researchers estimate that Nirma sells regularly to 70 million Indian households.

"Nirma is our biggest competitor — not Procter & Gamble," said a Unilever executive in Bombay, referring to the U.S. consumer-products company that is the acknowledged leader at selling packaged goods to the mass market.

Now, Mr. Patel is battling the bigshots on new turf. Armed with the same formula of building business with big volumes and thin margins, Mr. Patel is taking on bath soap and shampoo, introducing premium products and undercutting his rivals on price — sometimes by as much as a third.

The results so far are encouraging. While Procter & Gamble Co. and Colgate-Palmolive Co. are still struggling to snatch market share from Unilever, newcomer Nirma has grabbed about 15 percent of the toilet-soap market in the past two years. Nirma Beauty Soap is now the third-largest selling soap in India, behind Unilever's decades-old brands, Lux and Lifebuoy.

The privately held company's net profit was about $30 million last year, twice as much as the previous year, on an 86 percent rise in sales, to $260 million.

While undercutting on price is not necessarily a long-term strategy for growth — or even survival — Mr. Patel has managed to make a profit by selling huge volumes at low prices to millions of consumers.

Now, what Nirma wants to do is move the consumer up a notch into affordable luxury — thereby selling better quality and volume at a slightly higher price.

To sell to the masses, "you have to take only a minimum profit," said Mr. Patel, 53, who has become something of a role model to aspiring entrepreneurs.

Sitting in his sparsely furnished office in this

INTERNATIONAL MANAGER

western Indian city, he said that poor Indians knew that "if we weren't here, multinationals would charge higher prices." It's a claim that Unilever does not dispute.

Mr. Patel's tale begins in 1969. Back then, established companies sold laundry detergent in bars to most Indians; they considered powder a luxury reserved for the upper classes. Mr. Patel bet the masses would buy powdered detergent if it were affordable.

His homemade yellow Nirma powder — named for Mr. Patel's eldest daughter — revolutionized the market. In just a few years, its reach extended from Ahmedabad to towns throughout the state of Gujarat. Within a decade, it was showing up at shops across India. In 1984, it was the best-selling detergent in the country. By 1989, Nirma detergent sold 10 times as much as Unilever's brands in volume terms, according to independent estimates.

"Nirma demonstrated that you can unlock the potential of India if you find the right key," said Rama Bijapurkar, a marketing consultant. "India is not about a few people consuming a hell of a lot. It's about a lot of people consuming a little bit."

It is a lesson that most multinationals in price-sensitive India are learning. To defend itself against Mr. Patel's offensive, Unilever had to launch its own line of low-priced laundry powder. Some Unilever executives say the jolt, while shocking at the time, had long-term benefits: It helped Unilever devise a low-cost model that broadened its customer base for all products, from tea to toothpaste.

India's economic opening in 1991 emboldened Mr. Patel to widen his portfolio. But when he first diversified into personal-care products, he discovered that Nirma had an image problem.

"It's one thing to scrub your clothes with a cheap product," said Jagdeep Kapoor, managing director of Samsika Marketing Consultants. "It's another thing to rub a low-cost product on your body or hair."

Two years ago, Mr. Kapoor and a team of marketers devised a campaign to change the public perception of Nirma products from "cheap" to "good value." Advertisers created slick television spots featuring big-name Hindi film stars.

Nirma first targeted cost-conscious households, which already used Nirma detergent. The idea was to get millions of consumers to upgrade by offering a premium range of shampoos and soaps at near-budget prices. In India, the difference in price between a premium bath soap — the average bar costs 33 cents — and a popular bath soap is only about 8 cents. But in this price-sensitive market, 80 percent of sales are in the budget segment.

"To be successful in the long term, we need to be affordable to 50 or 60 percent of Indians, not just 5 percent," said Nirma's executive director, Kalpesh Patel, who is Mr. Patel's son-in-law.

Some analysts say Mr. Patel is making a big gamble by trying to sell premium products to price-sensitive homes.

"He risks losing his strong client base the moment people think he has become more expensive," said Arvind Singhal, managing director of KSA Technopak, a consulting firm.

The younger Mr. Patel responds, "We are creating a new market, rather than gaining consumers at the expense of someone else."

Asian Turmoil Widens U.S.-Japan Trade Gap

America's Exports and Bond Sales Pressured

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. trade deficit widened in the third quarter, partly because Japanese investors bought fewer Treasury bonds, while Japan's surplus continued to surge, data released Wednesday showed.

The Commerce Department said the current-account deficit widened to a seasonally adjusted $42.2 billion in the third quarter from $37.9 billion in the second quarter.

For the first three quarters of the year, the current-account deficit totaled $119.98 billion. For the comparable period last year, the deficit was $111.3 billion. That puts the current-account deficit on track to exceed the $148.18 billion posted in 1996.

In Tokyo, the Finance Ministry said Japan's current-account surplus reached 1.081 trillion yen ($8.31 billion) in October, up from 337.7 billion yen a year earlier. The government did not provide month-to-month figures.

The current account is considered the broadest measure of trade performance because it measures trade in goods and services and investment flows between countries and foreign aid.

The widening of the U.S. deficit and of Japan's surplus partly reflects the economic turmoil that started in Thailand this summer and spread to other countries in Asia this autumn. Sharp currency devaluations have curtailed Asians' purchasing power, hurting U.S. exports. At the same time, Asian manufacturers have pushed to sell goods abroad to make up for reduced domestic demand.

The data raise the chances for the United States and European nations to exert pressure on Japan to curtail exports and do more to encourage people in Japan to buy foreign-made goods.

"This underlines that Japan is not doing enough to stimulate domestic demand," said Mineko Sasaki-Smith, senior economist at CS First Boston in Tokyo. "The U.S. is likely to be exerting pressure behind the scenes."

The U.S. data showed that net foreign purchases of U.S. Treasury securities and U.S. currency decreased to $43.5 billion in the third quarter from $49.9 billion in the second quarter.

Commerce Department officials declined to release specific figures for individual countries or regions, but they did say that "a sharp reversal to net sales of U.S. Treasury bonds by Japan was mostly offset by a substantial step-up to record net purchases from Western Europe."

Sung Won Sohn, an economist at Norwest Corp. in Minneapolis, said, "Japanese firms are having problems, so they are selling U.S. Treasury securities to shore up their wobbly balance sheets."

For the United States, one bright spot in the third quarter was a 2 percent increase, to $21.9 billion, in its surplus in services such as tourism and consulting fees. But that was not enough to compensate for a 9.4 percent rise, to $51.5 billion, in the deficit for goods and a 2.3 percent increase, to $3.3 billion, in the outflow of investment income to foreign holders of U.S. assets.

In Japan, a Finance Ministry official attributed the wider trade surplus to strong exports of automobiles, along with office equipment and microchip and electronic parts. Auto exports in the month jumped 28 percent year-on-year, and office equipment exports rose 21.7 percent, with microchips and electronics-parts exports increasing 12 percent.

(AP, Bloomberg, AFX)

■ Taiwan's Trade Deficit to Grow

Taiwan's trade deficit with Japan is expected to grow 23 percent, to $17 billion, this year, a leading businessman said Wednesday, The Associated Press reported from Taipei.

The deficit will result mainly from Japan's weaker currency and stagnant economy that has weakened domestic consumption, Koo Chen-fu, head of the Taiwanese-Japanese Trade Promotion Association, said.

Bailout Battle in Tokyo

By Stephanie Strom
New York Times Service

TOKYO — The government seems committed to using public funds to bolster Japan's ailing financial system, but precisely how such funds would be used continues to be a mystery.

A proposal to raise money for a financial stabilization package by issuing 10 trillion yen ($76.83 billion) in government bonds — hailed Tuesday by Prime Minister Ryutaro Hashimoto, Finance Minister Hiroshi Mitsuzuka and the stock market — foundered Wednesday.

The plan ran into problems after it was hinted that, in addition to shoring up weak banks and financial institutions, a portion of the funds would go to finance a tax cut or some other economic pump-priming measure, a contradiction of repeated government vows not to resort to deficit financing to cure Japan's economic woes.

The Nikkei Stock Average, which jumped 3.4 percent Tuesday in approval of the proposal, fell 1.2 percent Wednesday, to 16,478.12.

The plan also appeared to be caught up in the political rivalry between Seiroku Kajiyama, its champion and a leader of the governing Liberal Democratic Party, and Koichi Kato, the party's powerful general-secretary and a strict advocate of fiscal austerity.

Mineko Sasaki-Smith, chief economist at Credit Suisse First Boston, said, "Mr. Hashimoto and others jumped on this plan without the usual consultations with other party factions, and now those groups are offended."

Ms. Sasaki-Smith and other analysts were also concerned that the plan, which would inject capital into the financial system by having the government purchase preferred shares in ailing institutions, would inhibit a much-needed contraction in the banking sector.

Sei Nakai, deputy director general of the Ministry of Finance's banking bureau, said the government would not support any bank without seriously assessing its future, although he added that he did not think the country's banks were insolvent at the moment. "I think this is a very good way to restore the financial system," he said.

Bosnia's Continued Squabbling Blocks Reconstruction

By Peter S. Green
International Herald Tribune

SARAJEVO, Bosnia-Herzegovina — When Elma Abadzic bought a packet of cigarettes recently at a Sarajevo kiosk, she put down two tattered 100 Bosnian dinar notes. She got back a packet of Drina filters priced at 1.40 Deutsche marks and several pieces of stale bubble gum as change.

But when she tried to buy another packet of cigarettes with a pocketful of bubble gum, she recalled, "the woman in the kiosk just laughed."

Even if she had tried to pay with one of the other two local currencies in Bosnia — the Bosnian Serb dinar or the Croatian kuna — Miss Abadzic probably would have gotten a similar reaction. That's how shattered the economy is here.

Not only are small coins so scarce that gum is a substitute and pharmacies give tram tickets as change, Bosnia does not even have its own currency. Miss Abadzic's dinars are left over from the war, held together with tape. Serbs, Croats and Muslims cannot agree on whose portraits should adorn their common banknotes. The Deutsche mark is the only currency accepted in all three ethnic areas.

Stitching together Bosnia's ravaged economy, still torn along the ethnic lines created by four years of war, is the key to lasting peace in the Balkans, according to diplomats, residents and merchants here. But two years after the Dayton accords ended the fighting and donors pledged $5.1 billion to rebuild Bosnia, the country's economic reconstruction is far from complete.

Effectively, Bosnia is still split into its three ethnic areas; legally, it is divided into the Republika Srpska, controlled by Serbs, and the Croat-Muslim Federation. Railroads, phones, water and electricity are all separate, and there is almost no trade between the Republika Srpska and the federation.

The Bosnian state, which should unite the two on such big issues as ambassadorships and the common currency, exists in name only.

"You spend half of your time getting each of the three electric companies to recognize the other two," said Zsuzsana Hargitai of the European Bank for Reconstruction and Development. "We've been negotiating mini-'Daytons' all over the place."

Miss Hargitai said it had taken her 11 months of shuttle diplomacy to get Serbian, Croatian and Muslim signatures for a sovereign loan guarantee.

[At a multinational conference in Bonn, Bosnian leaders agreed late Tuesday to laws for passports and citizenship. No agreement was reached, however, on other trappings of statehood, including license plates, a flag and a common currency, The Associated Press reported.]

Communist-era laws are still on the books, and without a unified banking system, a currency, privatization laws and a commercial code, it has been difficult to build a private sector and attract foreign investment.

Volkswagen wants to revive its passenger-car assembly line in Sarajevo, for example, but it must be on a firm legal footing first.

"We want to get Volkswagen in here," said Jacques Klein, the West's deputy high representative in Bosnia, "but they need a legal system that works and a banking system that works because they see this place as a market that includes Croatia, Macedonia and Serbia. And then, we'll get McDonald's in, because the more of that you have, the better off this country's going to be."

Bosnia has prospects. The former Yugoslavia was Eastern Europe's strongest economy before 1991. After the fighting stopped, the federation's economy grew 50 percent in 1996, and the World Bank estimates its 1997 growth at about 35 percent. Inflation is negligible.

But even this growth is deceptive.

"You can estimate that 20 percent is due to stopping the war," said Egbert Gerken, senior economist at the Office of the High Representative. "The rest is reconstruction. "What you do not see is any self-sustaining commerce. You don't see private investment, and you don't see foreign investment. The federation is growing quite nicely, but we don't see anything happening in Republika Srpska.

See BOSNIA, Page 17

French Aid for Toyota Irks Other Carmakers

Compiled by Our Staff From Dispatches

PARIS — Europe's carmakers criticized the French government Wednesday for subsidizing a Toyota Motor Corp. factory in France, saying it would add to the European car industry's overcapacity and lead to job losses at other companies.

To rejoicing by the French government, Japan's biggest automaker announced Tuesday it had chosen the northern French town of Valenciennes to build a car plant that would hire 2,000 workers. It plans to make 100,000 vehicles a year at the factory when it opens in 2001 and to install the capacity to increase that number to 200,000.

Faced with a 12.5 percent unemployment rate, the government has actively promoted France with overseas investors. It is expected to finance about 10 percent of the 4 billion franc ($667.5 million) cost of Toyota's French plant through tax breaks, cash payments and infrastructure development.

ACEA, the European carmakers association, said Wednesday that Toyota's investment "will end up as a displacement of employment rather than a net creation of jobs."

Toyota's plant, as well as a plant Daimler-Benz AG will open next year in France, will add to a European production capacity that is already estimated at as many as 18 million cars a year. About 13 million cars will be sold in Europe this year.

France's two carmakers, PSA Peugeot Citroen SA and Renault, which control 56 percent of the French market, have also criticized the government's subsidies for Toyota. Prime Minister Lionel Jospin responded that once Toyota had decided to set up a plant in Europe, "it was useful that it be in France." The European Union is to phase out limits on Japanese car imports by 2000, which could be a windfall for Toyota's new factory.

European Union approval is required for the aid to Toyota. The EU is expected to start its investigation early next year.

(Bloomberg, AFP)

■ Renault and Japan's NTN to Set Up Joint Venture

Renault and NTN Corp. of Japan have agreed to set up an auto-parts joint venture in France that will begin production by 2000, company executives said Wednesday, according to an Agence France-Presse report from Tokyo.

The venture is to be established early next year with an investment of 20 billion to 30 billion yen ($154 million to $231 million), one of the executives said.

CURRENCY & INTEREST RATES

Cross Rates

Dec. 10

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.011	3.3195	1.1269	0.3366	0.1152*	—	5.4625*	1.3908	1.5571*	1.403	1.334*
Brussels	36.9275	60.6625	20.63	6.1605	2.1095*	18.3085	—	25.47	28.61	25.95	24.42*
Frankfurt	1.7835	2.9406	—	0.2988	0.1022*	0.8875	4.849*	1.2346	1.3862*	1.2544	1.184*
London (a)	1.6515	—	2.9446	9.8582	2,891.067	3.318	60.7587	2.3805	213.0878	2.3600	248.749
Madrid	152.363	247.832	84.367	25.287	8.67*	74.873	4.0899	104.144	116.912*	105.703	—
Milan	1,758.05	2,889.29	978.49	292.20	—	868.55	47.42	1,206.30	13.566	1,228.48	11.58
New York (b)	—	1.6420 a	1.7875	5.983	1,750.00	5.983	36.87	1.4462	129.40	1.4260	150.71
Paris	5.996	9.852	3.347	—	0.342*	2.9704	0.1623	4.1316	4.6381*	4.1935	3.963*
Tokyo	127.45	212.79	72.53	21.62	0.74	64.19	3.5872	89.86	—	91.07	0.8569
Toronto	1.434	2.36	0.7969	0.2280	0.0814*	0.7074	0.3862*	0.9846	1.1011*	—	0.943*
Zurich	1.4458	2.3862	0.8109	0.242	0.0827*	0.719	3.9264*	—	1.1196*	1.0161	0.9591*
1 ECU	1.1087	0.6725	1.9737	6.6087	1,930.13	2.2256	40.7436	1.6085	142.53	1.5764	166.808
1 SDR	1.3493	0.8157	2.4132	8.0753	2,362.59	2.7193	49.2607	1.9645	175.74	1.9192	203.86

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York rates at 4 P.M. and Toronto rates at 3 P.M.
a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.

Libid-Libor Rates

Dec. 10

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 11/16 - 5 13/16	3 9/16 - 3 11/16	1 5/8 - 1 3/4	7 1/4 - 7 1/2	3 7/16 - 3 1/2	3/4 - 1	4 3/8 - 4 7/16
3-month	5 13/16 - 5 15/16	3 5/8 - 3 3/4	1 11/16 - 1 13/16	7 9/16 - 7 11/16	3 5/8 - 3 11/16	3/4 - 1	4 1/2 - 4 5/8
6-month	5 13/16 - 5 15/16	3 3/4 - 3 7/8	1 3/4 - 1 7/8	7 5/8 - 7 13/16	3 13/16 - 3 15/16	3/4 - 1	4 9/16 - 4 5/8
1-year	5 15/16 - 6 1/16	4 - 4 1/8	1 15/16 - 4 1/16	7 3/4 - 7 7/8	3 15/16 - 4 1/16	3/4 - 7/8	4 9/16 - 4 3/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 5/8	5 1/2
90-day CDs dealers	5.84	5.84
180-day CP dealers	5.60	5.63
3-month Treasury bill	5.07	5.11
1-year Treasury bill	5.23	5.29
2-year Treasury bill	5.73	5.79
5-year Treasury note	5.84	5.91
7-year Treasury note	5.87	5.92
10-year Treasury note	5.90	5.94
30-year Treasury bond	6.10	6.11
Merrill Lynch 30-day RA	5.10	5.10
Japan		
Discount rate	0.50	0.50
Call money	0.49	0.40
1-month interbank	0.90	0.90
3-month interbank	0.90	0.90
6-month interbank	0.90	0.90
10-year Gov't bond	1.94	1.97
Germany		
Lombard rate	4.50	4.50
Call money	3.48	3.50
1-month interbank	3.74	3.74
3-month interbank	3.75	3.75
6-month interbank	3.86	3.86
10-year Bond	5.39	5.41

Britain		
Bank base rate	7 1/4	7 1/4
Call money	7 1/8	7 1/8
1-month interbank	7 1/2	7 9/16
3-month interbank	7 5/8	7 11/16
6-month interbank	7 3/4	7 3/4
10-year Gilt	6.41	6.41
France		
Intervention rate	3.30	3.30
Call money	3 3/8	3 3/8
1-month interbank	3 1/2	3 1/2
3-month interbank	3 5/8	3 5/8
6-month interbank	3 3/4	3 3/4
10-year OAT	5.40	5.40

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	286.70	+4.95
London	285.05	286.30	+3.05
New York	285.00	288.40	+3.70

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Feb.)
Source: Reuters.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	280.58	Mex. peso	8.106	S. Afr. rand	4.8855
Australian $	1.4905	Hong Kong $	7.7447	N. Zealand $	1.6667	S. Kor. won	1563.00
Austrian sch.	12.558	Hung. forint	201.64	Norw. krone	7.252	Swed. krona	7.7994
Brazil real	1.1118	Indian rupee	38.995	Phil. peso	35.07	Taiwan $	32.23
Chinese yuan	8.31	Indo. rupiah	4495.00	Polish zloty	3.56	Thai baht	42.55
Czech koruna	35.18	Irish £	0.6879	Port. escudo	182.01	Turkish lira	198640.
Danish krone	6.7982	Israeli shek.	3.5322	Russ ruble	5917.00	UAE dirham	3.671
Egypt. pound	3.4043	Kuwaiti dinar	0.3024	Saudi riyal	3.75	Venez. boliv.	502.25
Fin. markka	5.3772	Malay. ring.	3.6497	Sing. $	1.618		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6470	1.6447	1.6423	Japanese yen	128.08	127.38	126.81
Canadian dollar	1.4198	1.4179	1.4163	Swiss franc	1.4461	1.4456	1.4451
Deutsche mark	1.7816	1.7785	1.7757				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

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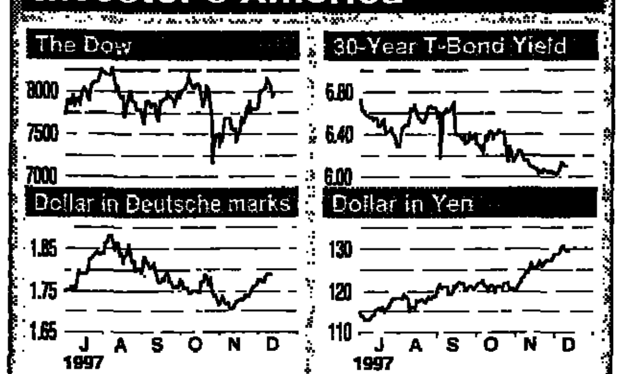
THE AMERICAS

Investor's America



Exchange	Index	Wednesday 4 P.M.	Prev. Close	% Change
U.S.	The Dow	7978.79	8049.66	-0.88
U.S.	S&P 500	969.79	975.78	-0.61
U.S.	S&P 100	465.12	467.75	-0.56
U.S.	NYSE Composite	507.70	510.86	-0.62
U.S.	Nasdaq Composite	1596.62	1620.58	-1.48
U.S.	AMEX Composite	669.45	671.55	-0.31
Toronto	TSE Index	6747.99	6767.00	-0.29
São Paulo	Bovespa	9461.53	9840.07	-3.85
Mexico City	Bolsa	5028.30	5111.87	-1.64
Buenos Aires	Merval	669.16	703.70	-4.92
Santiago	IPSA General	4891.87	4935.42	-0.88
Caracas	Capital General	8521.83	8769.60	-3.04

Source: Bloomberg, Reuters — International Herald Tribune

Asia-Linked Profit Warnings Knock Stocks Lower

Compiled by Our Staff From Dispatches

NEW YORK — More signs that financial chaos in Asia is taking a toll on U.S. corporate profits rattled the stock market Wednesday, sending prices down sharply.

J.P. Morgan became the latest in a string of U.S. companies to blame Asia for weak profits, saying the first two months of the latest quarter had been "adversely affected by unsettled market conditions globally."

J. P. Morgan gets 40 percent of its profit from trading, more than any other U.S. bank. Its stock closed 5¾ at 117½, pulling down bank stocks and the Dow Jones industrial average.

"It's taken the wind out of the market's sails, but it's not just about J. P. Morgan," said Robert Froehlich, chief investment strategist at Kemper Funds. "It redefines that we don't know where the leadership is going to come from in the stock markets."

The Dow closed 70.87 points lower at 7,978.79. The broader market also slumped, with the Standard & Poor's 500 index falling 5.99 points to 969.79. Losing issues outnumbered gaining ones by a 2-to-1 ratio on the New York Stock Exchange.

Among the banking stocks that followed J.P. Morgan down were Citicorp, which lost 6 1/16 to 131 13/16, and Chase Manhattan, which fell 3 9/16 to 112 5/16.

Technology shares continued to struggle after Oracle said late Monday that its profit also had been hurt by slow Asia sales. Oracle recovered slightly Wednesday, rising 3/16 to 23 1/16 after plunging Tuesday.

But the Nasdaq Composite Index, heavy with computer companies, closed down 23.93 points at 1,596.62.

"People always said you have to own Intel, Microsoft and Oracle — and one of the marquee companies just cracked," said Paul Meeks, director of research at Jurika & Voyles L.P. "Some of these companies were seeing 50 percent annual growth in Asia, and now that growth is decreasing. No one knows how long this problem will last."

Intel fell 1 1/16 to close at 74 9/16, while Microsoft lost 2¼ at 142 1/16.

"There will be a lot of fourth-quarter upsets," said Shelby Davis, chief investment officer at Davis Selected Advisors.

But for the year, the Dow is up 23 percent, the S&P 500 is up 30 percent, and the Nasdaq is up 23 percent.

"At these valuations, the stocks are still sensitive to negative news," said John Niedenberger, a money manager with Advanced Investment Management.

Profit warnings smashed several other stocks lower.

Vivus, which makes the impotence drug Muse, fell 5 11/16 to 14 7/16 after it said product revenue could drop 25 percent in the fourth quarter from the third quarter because of production delays and competition from other drugs.

Oxford Health Plans fell 3 1/16 to 17 after it said it would post a fourth-quarter loss of $120 million and a loss for the year because state regulators had ordered it to raise its reserves for doctors' bills by $164 million.

Fastenal lost 9 5/16 to 40 15/16 after the distributor of nuts and bolts warned late Tuesday that fourth-quarter earnings would come in below expectations because of a revenue shortfall and rising labor costs.

Tricon Global Restaurants fell 1¾ to 32 7/16. It said it would take a $425 million charge in the fourth quarter to close 743 of its less profitable Taco Bell, Pizza Hut and KFC restaurants and write down the value of 667 it plans to sell to franchisees.

The charge will reduce Tricon's per-share earnings by $2.79 and will result in a loss for the fourth quarter and the year.

U.S. STOCKS

Tenneco fell 2 15/16 to 41⅜. The manufacturing company said its quarterly earnings would fall short of analysts' expectations.

America Online fell 1½ to 85 amid reports that the Internet service provider was backing away from a plan to roll out a new version of its software by the end of the year because of fears it may cause difficulties for customers.

Corning fell 2⅜ to 39 15/16. The maker of glass materials and products said AEA Investors had dropped plans to acquire its customer housewares unit for $825 million, citing concern about the effect of economic turmoil in Asia on the unit's sales next year.

Among the gainers, Cel-Sci rose 1⅛ to 8¼. The drug company said a study on animals showed its experimental AIDS vaccine offered protection against the human immunodeficiency virus.

Philip Morris rose 7/16 to 45 a day after announcing it would cut 2,500 jobs to restructure its international foods division. Morgan Stanley issued a buy recommendation on the stock.

Hasbro rose 2 5/16 to 33 9/16 a after announcing a similar cutback.

The Treasury bond market was strong. The price of the benchmark 30-year issue rose 18/32 point, to 100 22/32, taking the yield down to 6.07 percent from 6.11 percent Tuesday.

"Things are still good on the inflation front," said Wayne Schmidt at Advantus Capital Management. "That ought to give the market a little comfort."

(AP, Bloomberg, Reuters)

Very briefly:

• **Merrill Lynch & Co.** has suspended negotiations to buy **Hambrecht & Quist Group**, a securities firm that specializes in technology and health care companies, analysts and investment bankers said.

• **Tele-Communications Inc.** is exchanging cable systems with **US West Media Group** and **Gannett Co.** and, separately, combining some cable systems with **Century Communications Corp.**

• **AEA Investors Inc.** has dropped its plans to acquire the consumer-housewares unit of **Corning Inc.**, citing concerns that the Asian economic turmoil might affect the unit's sales next year. Corning said it still planned to sell the maker of Pyrex, Corning Ware and Revere Ware dishes, pots and pans.

• **Eli Lilly & Co.** said it had won approval from the **Food and Drug Administration** to sell Evista, its new drug for osteoporosis prevention.

• **Time Warner Inc.**'s **Warner Brothers** has fired Chris Pula, head of theatrical marketing, as the movie studio nears the end of its worst year at the box office since 1990.

• **The U.S. Postal Service** reported net profit of $1.3 billion for the year that ended in September.

• **The Securities and Exchange Commission** will direct all public companies with substantial "year 2000" computer expenses to disclose in annual reports next year their plans for repairing the problem and the cost. Unless fixed, many computers on Jan. 1, 2000, will read the last two digits of the year as 1900 rather than 2000.

• **Peru** will raise about $600 million by selling state holdings in mining, petroleum, banking and electricity companies. In the year that ended in November, the head of the Commission for the Promotion of Private Investment said, Lima raised $410 million from such sales.

• **Venezuela's** finance minister, Luis Raul Matos Azocar, faces a censure vote in Congress on Friday, the second in a month; opposition legislators have accused him of failing to properly investigate a scandal. *Bloomberg, AFP, AP*

Time Warner Inc. and US West To Link On-Line Cable TV Units

Bloomberg News

ANAHEIM, California — Time Warner Inc. and U S West Media Group said Wednesday they would merge their on-line cable-television ventures that speed delivery of the Internet to millions of homes hooked up to cable.

The combination of Time Warner Cable's Road Runner unit with U S West's MediaOne Express would create the largest cable on-line business, with 3.6 million potential customers now and 27 million eventually.

The move is a another step in the evolution of the traditional cable system that once offered a set number of channels. Cable companies now are looking for ways to keep customers from moving to direct satellite systems that offer more channels, while Internet users want speedier on-line access.

Ventures such as Road Runner have so far failed to make much money. The on-line portion of the combined company, for example, currently provides programming services to just 45,000 customers.

Dollar Falls as Tokyo Hints at Joint Intervention

Bloomberg News

NEW YORK — The dollar fell against the yen Wednesday after a top finance official in Tokyo suggested that the Bank of Japan may sell dollars to bolster the Japanese currency.

Haruhiko Kuroda, director-general of the Finance Ministry's International Finance Bureau, said he had been in contact with U.S. and European officials about exchange rates and said Japan might act in concert with other countries to halt the yen's decline.

"Japanese officials don't want the yen in a free fall, so they're trying to temper the pace of the movement," said Mary Ann Bartels, who helps manage $4 billion in stocks and bonds at of Avatar Associates. "That's why the dollar is been holding at these levels."

The dollar fell to 129.400 yen in late trading from 129.735 yen Tuesday and to 1.7875 Deutsche marks, compared with 1.7910 DM. The U.S. currency also

FOREIGN EXCHANGE

to 1.4462 Swiss francs from 1.4535 francs and to 5.9830 French francs from 5.9925 francs. The pound fell to $1.6492 from $1.6515.

Japanese officials often threaten to buy or sell currencies to bring the yen closer to desired levels. Previous suggestions that the Bank of Japan might sell dollars helped knock the U.S. currency down from a four-and-a-half-year high in May.

Still, it has been more than two years since central banks jointly sold currencies to alter exchange rates, and Mr. Kuroda's remarks alone may not have lasting impact, traders said.

"The market's getting sort of numb" to such threats because there have been so many this year, said Richard Vullo, manager of currency sales at Bayerische Hypotheken- & WechselBank.

The dollar was buoyed against the mark by speculation that the Bundesbank would not raise interest rates soon. A Bundesbank council member, Edgar Meister, said turbulence in Asia would hinder Europe's economic rebound. An arrested European recovery is likely to keep the Bundesbank from moving interest rates, traders said.

AMEX

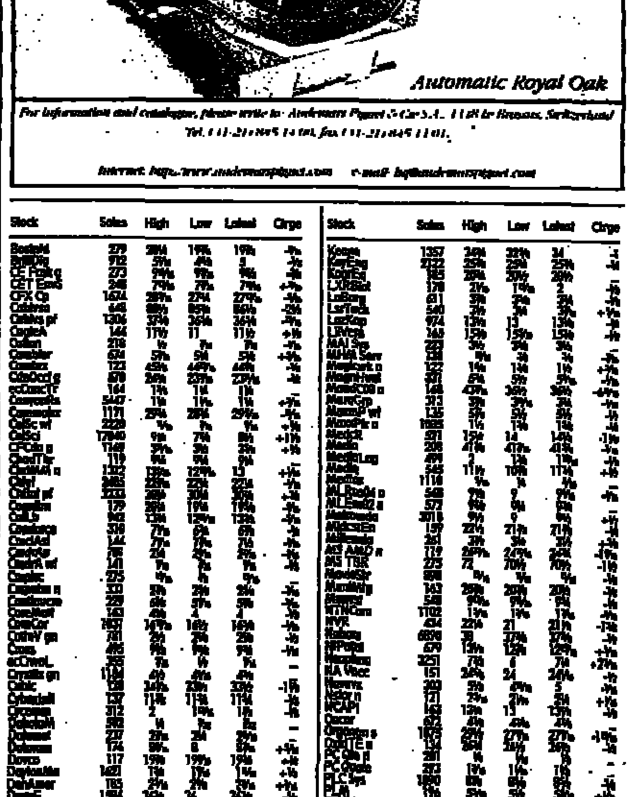
Wednesday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AP AUDEMARS PIGUET
The master watchmaker

"THE FINEST WATCH IN THE WORLD WILL ONLY BE WORN BY EXCEPTIONAL PEOPLE."
Jules-Louis Audemars, Edward-Auguste Piguet, 1875.



For information and catalogue, please write to: Audemars Piguet & Cie S.A., 1348 Le Brassus, Switzerland. Tel. [illegible] fax [illegible]
Internet: http://www.audemarspiguet.com e-mail: [illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	8011.87	8049.66	7922.35	7978.79	-70.87
Trans	3325.69	3340.50	3310.97	3334.90	-5.40
Util	259.63	260.52	258.95	260.42	+0.60
Comp	2630.61	2631.12	2603.82	2618.30	-12.82

Standard & Poors

	High	Previous Low	Close	Today 4 P.M.
Industrials	1138.77	1124.60	1126.90	1122.30
Transp.	701.96	694.82	695.30	700.39
Utilities	220.21	218.83	219.29	220.20
Finance	121.02	119.03	119.61	118.87
SP 500	983.36	971.37	973.10	969.37
SP 100	472.87	466.66	467.52	464.83

NYSE

	High	Low	Last	Chg.
Composite	510.86	504.68	507.70	-3.16
Industrials	632.67	624.64	628.93	-3.74
Transp.	472.93	469.04	470.93	-2.00
Utility	321.96	319.76	321.57	+0.04
Finance	498.15	490.97	492.94	-5.18

Nasdaq

	High	Low	Last	Chg.
Composite	1611.88	1585.15	1596.62	-23.93
Industrials	1249.73	1225.95	1232.83	-21.91
Banks	2052.66	2047.18	2052.74	-9.32
Insurance	1811.51	1794.17	1807.43	-4.37
Finance	2441.77	2427.82	2435.27	-9.02
Transp.	1090.03	1063.29	1064.86	-9.88

AMEX

	High	Low	Last	Chg.
	671.68	667.57	669.45	-2.10

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	104.46	104.51
10 Utilities	102.45	102.53
10 Industrials	106.48	106.49

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Compaq s	195145	63⅝	58¾	60	-3¾
RJRNab	120015	37¾	36¾	37⅛	+⅝
BayNwk	83054	26¼	23½	25¼	-2⅛
PhilMor s	73238	45⅛	44⅜	45	+7/16
AT&T	57321	58⅛	57¼	57⅜	-⅛
Motorola	56950	61⅞	57	59⅞	-⅝
IBM s	55758	109½	105⅛	106½	-⅞
TelBrasil	51282	108⅛	102¼	104	-5½
Humana	48097	23	20⅞	21⅛	-2⅛
GenElec s	47180	74½	72⅝	73⅝	-⅝
Textrn s	46320	45⅛	43⅜	44⅛	+⅛
NISemi	44864	28⅝	26⅞	27⅛	-⅝
MicrnT	43703	25⅛	23⅞	24⅛	-1⅛
HospPT	43284	33⅛	33⅛	33⅛	+⅛
LomiSp	41980	22⅛	22⅛	22¼	-⅛

Nasdaq

	Vol.	High	Low	Last	Chg.
Oracle s	457328	23⅞	22⅛	23⅛	+⅛
Intel s	282291	75⅝	72⅞	74⅝	-1⅛
OxfordHlt	156722	17⅞	16⅛	17	-3⅛
ApldMat s	149649	33⅛	30⅜	31⅛	-1⅜
DellCpt s	148792	92⅞	88⅛	91⅛	-2⅛
Vivus s	133470	15	12⅛	13⅛	-6⅞
Cisco	118198	86⅛	83	85⅛	-2⅛
EricTel	95248	38⅛	35⅛	35⅛	-2⅛
Microsft	82508	143⅛	141	142⅛	-2⅛
3Com	77303	37⅛	34⅛	35⅛	-1⅛
SunMic	67385	39⅛	36⅛	37⅛	-1⅛
TeleComA	67352	27⅛	25⅛	27⅛	+⅛
Quantum s	59164	24⅛	23⅛	23⅛	-1⅛
VideoLan	58281	⅛	⅛	⅛	+⅛
WorldCm	47949	33⅛	33⅛	33⅛	-⅛

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	35364	97⅛	96⅛	97⅛	-⅛
Hasbro s	30868	34⅛	31⅛	33⅛	+2⅛
TWA	21150	10⅛	9⅞	10⅛	-⅛
EchoBay	19804	2⅛	2⅛	2⅛	+⅛
CelSci	17840	9⅛	7⅛	8⅛	+1⅛
RoyalO g	15185	1⅛	1⅛	1⅛	+⅛
PegGld	7409	⅛		⅛	+⅛
Nabors	6890	38	37⅛	37⅛	-⅛
FAusPr	6291	7⅛	7⅛	7⅛	-⅛
RaaGold	6135	⅛	⅛	⅛	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1020	1145
Declined	1984	1777
Unchanged	468	536
Total issues	3472	3458
New Highs	129	167
New Lows	68	50

Nasdaq

	Noon	Prev.
Advanced	1146	1595
Declined	2593	2605
Unchanged	1861	1551
Total issues	5600	5751
New Highs	65	188
New Lows	143	170

AMEX

	Close	Prev.
Advanced	210	253
Declined	371	342
Unchanged	160	152
Total issues	741	747
New Highs	16	28
New Lows	25	18

Market Sales

	Today 4:00	Prev. cons.
NYSE	590.61	649.69
Amex	29.45	37.45
Nasdaq	669.33	802.08

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Canon Inc ADR	-	.323	12-30	—
STOCK SPLIT				
Cable Design 3 for 2 split.				
Semtech Corp 2 for 1 split.				
Z-Seven Fund 2 for 1 split.				
STOCK				
D&N Fincl	-	10%	12-23	1-13
INCREASED				
Flour Cp	Q	.20	12-23	1-13
Haywood Bncshrs	Q	.15	12-16	1-6
Morgan JP	Q	.95	12-22	1-15
EXTRA				
Alliance Wld Dllr	-	.12	12-30	1-16
INITIAL				
Strayer Educ n	-	.0433	1-6	1-20
LIQUIDATING				
St Joe Cp	-	1.02	12-19	12-30
REGULAR				
Alliance Wld Dllr	M	.1275	12-30	1-16
Apex Muni Fund	M	.053	12-19	12-30
Banco McGlockin	Q	.18	12-31	1-31
Cdn Pacific Ltd g	Q	.12	12-24	1-28
Caterpillar Inc	Q	.25	1-20	2-20
Community Fincl	Q	.25	12-26	1-15
Cross AT	Q	.08	1-20	2-3
D&N Fincl	Q	.05	12-23	1-13
Enron Oil & Gas	Q	.03	1-15	1-30
George Mason	Q	.14	12-15	1-2
Gt Atlantic & Pac	Q	.10	1-12	2-2
Greif Bros A	Q	.12	12-16	1-1
ICD Inc	Q	.055	12-19	12-31
Jacksonville Bncp	Q	.125	12-31	1-13
John Mansville	Q	.04	12-24	1-9
NCE Petrofund g	M	.06	12-16	12-31
Pac Scientific	Q	.03	12-19	1-5
Pinnacle Fin	Q	.235	12-19	1-2
Reckson Assoc	Q	.3125	12-19	12-30
Star Banc	Q	.20	12-31	1-15
TJX cos	Q	.05	2-12	3-5
Tootsie Roll	Q	.0825	12-22	1-9
Valmont Ind	Q	.056	12-26	1-15
Winston Hotels	Q	.27	12-30	1-16

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Dec. 10, 1997

Grains

CORN (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Dec 97	272½	269	269¾	-1¾	15,400
Mar 98	283¾	281	281½	-¾	182,828
May 98	290	288¼	288¾	-½	44,245
Jul 98	294¼	292½	292¾	-¾	55,000
Sep 98	289	288	288¾	+¼	5,164
Dec 98	289¾	288½	289½	+¾	32,380
Jul 99	302¼	301	302¼	+¾	293

Est. sales 40,000 Tue's sales 63,632
Tue's open int 336,869, off 3,586

SOYBEAN MEAL (CBOT) 100 tons- dollars per ton

	High	Low	Latest	Chge	Opint
Dec 97	229.80	228.30	229.40	-1.00	10,421
Jan 98	224.00	220.80	222.40	-1.20	28,535
Mar 98	219.00	216.00	218.80	+0.40	34,867
May 98	215.40	213.20	215.40	+0.30	21,077
Jul 98	215.20	213.00	215.20	+0.10	15,737
Aug 98	215.00	212.80	214.60	-0.20	4,069

Est. sales 18,000 Tue's sales 21,057
Tue's open int 121,666, up 561

SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb

	High	Low	Latest	Chge	Opint
Dec 97	25.08	24.80	25.04	+0.19	3,067
Jan 98	25.30	25.00	25.24	+0.17	41,408
Mar 98	25.68	25.40	25.62	+0.10	34,183
May 98	25.88	25.62	25.85	+0.05	13,779
Jul 98	26.00	25.75	26.00	+0.09	11,722
Aug 98	25.95	25.85	25.91	+0.01	2,728

Est. sales 20,000 Tue's sales 23,401
Tue's open int 109,369, up 482

SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Jan 98	714	705½	713	+6	65,183
Mar 98	716	708	715½	+6	32,106
May 98	719½	712½	718¼	+4¼	22,070
Jul 98	720½	714	720¼	+3½	23,751
Aug 98	716	712	715	+2½	2,567

Est. sales 35,000 Tue's sales 37,923
Tue's open int 155,151, up 960

WHEAT (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Dec 97	345½	342¾	344½	unch.	1,059
Mar 98	361¼	358	358½	-1¼	54,372
May 98	368	365	365½	-¾	11,293
Jul 98	372	369	369¼	-1¼	18,662

Est. sales 10,000 Tue's sales 18,828
Tue's open int 89,238, up 500

Livestock

CATTLE (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	67.37	67.05	67.12	+0.02	10,206
Feb 98	67.97	67.55	67.65	-0.17	49,479
Apr 98	71.12	70.70	70.72	-0.32	23,152
Jun 98	70.12	69.75	69.80	-0.25	13,506
Aug 98	71.15	70.82	70.92	-0.10	5,427
Oct 98	73.00	72.80	72.85	+0.05	1,319

Est. sales 11,990 Tue's sales 13,745
Tue's open int 103,427, up 42

FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jan 98	80.20	79.65	79.72	-0.42	8,321
Mar 98	80.37	79.80	79.82	-0.37	4,194
Apr 98	80.60	80.17	80.27	-0.27	1,479
May 98	81.35	80.82	80.92	-0.37	1,368
Aug 98	82.90	82.55	82.75	-0.27	758
Sep 98	82.75	82.35	82.65	-0.35	157

Est. sales 2,398 Tue's sales 1,993
Tue's open int 16,395, up 319

HOGS-Lean (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	62.60	62.20	62.27	-0.62	6,114
Feb 98	60.72	60.10	60.57	-0.07	20,316
Apr 98	57.45	57.05	57.25	-0.22	7,857
Jun 98	65.25	65.05	65.17	-0.07	4,230
Jul 98	64.15	63.95	64.02	-0.12	1,334

Est. sales 8,027 Tue's sales 8,197
Tue's open int 40,852, off 418

PORK BELLIES (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 98	56.20	54.85	56.10	+0.67	6,237
Mar 98	55.55	54.35	55.40	+0.55	1,052
May 98	56.10	55.50	56.07	+0.35	1,016

Est. sales 2,252 Tue's sales 2,321
Tue's open int 8,907, off 93

Food

COCOA (NCSE) 10 metric tons- $ per ton

	High	Low	Latest	Chge	Opint
Dec 97	1650	1590	1650	+59	57
Mar 98	1674	1618	1671	+53	48,080
May 98	1700	1645	1697	+52	18,960
Jul 98	1717	1687	1717	+52	4,706
Sep 98	1736	1708	1736	+52	5,654
Dec 98	1757	1727	1757	+52	9,143

Est. sales 8,937 Tue's sales 5,253
Tue's open int 97,845, off 241

COFFEE C (NCSE) 37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	193.25	187.50	188.00	+0.50	759
Mar 98	188.50	181.70	182.60	-0.60	19,193
May 98	181.00	175.50	176.50	+0.30	6,195
Jul 98	171.00	167.00	168.50	+1.30	2,610
Sep 98	162.50	158.00	160.50	+1.30	1,186

Est. sales 10,413 Tue's sales 14,943
Tue's open int 31,132, up 2,068

SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 98	12.37	12.24	12.25	-0.08	116,083
May 98	12.27	12.15	12.16	-0.08	21,500
Jul 98	11.91	11.83	11.84	-0.05	28,050
Oct 98	11.74	11.69	11.71	-0.01	24,736

Est. sales 16,790 Tue's sales 19,727
Tue's open int 209,075, off 1,344

ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jan 98	82.75	80.90	83.00	-0.15	21,679
Mar 98	86.70	84.00	86.35	unch.	15,723
May 98	89.50	87.50	89.45	-0.05	3,595
Jul 98	92.50	92.00	92.50	unch.	1,990

Est. sales N.A. Tue's sales 7,587
Tue's open int 45,616, up 934

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Dec 97	288.50	284.20	286.60	+3.80	977
Jan 98	287.40	284.70	287.40	+3.80	4
Feb 98	290.70	284.40	288.60	+3.70	111,556
Apr 98	292.50	286.30	290.40	+3.70	12,083
Jun 98	294.00	288.40	292.40	+3.70	11,493
Aug 98	295.70	294.50	294.50	+3.70	5,031
Oct 98			296.60	+3.70	2,065
Dec 98	300.90	295.00	298.80	+3.60	13,441
Feb 99			300.90	+3.60	3,787

Est. sales 43,000 Tue's sales 45,051
Tue's open int 197,049, off 838

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Dec 97	81.25	80.30	80.50	-0.10	1,624
Jan 98	82.00	81.00	81.05	-0.15	2,857
Feb 98	82.00	81.70	81.70	-0.15	1,871
Mar 98	83.00	81.80	82.20	-0.05	32,599
Apr 98	82.90	82.70	82.70	unch.	1,478
May 98	83.75	83.10	83.10	unch.	4,780
Jun 98	83.80	83.40	83.40	-0.15	1,570
Jul 98	84.10	83.70	83.70	unch.	3,684
Aug 98	84.70	83.90	83.90	-0.10	1,220

Est. sales 6,500 Tue's sales 5,134
Tue's open int 64,577, up 45

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	Opint
Dec 97	586.00	546.00	582.70	+43.20	1,165
Jan 98	584.40	570.00	584.40	+43.10	35
Feb 98			586.40	+42.90	
Mar 98	588.50	545.50	587.50	+42.70	64,372
May 98	587.00	551.50	586.50	+41.70	6,263
Jul 98	585.50	564.00	585.50	+40.70	6,226
Sep 98	585.00	565.00	585.00	+39.70	768
Dec 98	586.00	550.00	584.50	+38.70	5,510

Est. sales 45,000 Tue's sales 19,049
Tue's open int 89,550, up 988

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Jan 98	380.00	370.00	372.90	-3.00	10,908
Apr 98	376.00	370.00	371.90	-2.00	3,223
Jul 98	373.50	368.90	368.90	-2.00	129
Oct 98			365.90	-2.00	1

Est. sales N.A. Tue's sales 2,609
Tue's open int 14,261, up 653

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1558.00	1559.00	1553½	1554½
Forward	1579.00	1580.00	1574½	1575.00
Copper Cathodes (High Grade)				
Spot	1787.00	1788.00	1774.00	1775.00
Forward	1817.00	1818.00	1804.00	1805.00
Lead				
Spot	517½	518½	516½	517½
Forward	534.00	535.00	533.00	534.00
Nickel				
Spot	6065.00	6075.00	5975.00	5980.00
Forward	6160.00	6170.00	6070.00	6075.00
Tin				
Spot	5480.00	5490.00	5595.00	5600.00
Forward	5380.00	5390.00	5460.00	5465.00
Zinc (Special High Grade)				
Spot	1125.00	1126.00	1099.00	1101.00
Forward	1147.00	1147½	1122.00	1124.00

Financial

US T BILLS (CMER) $1 million- pts of 100 pct.

	High	Low	Close	Chge	Opint
Dec 97	94.95	94.93	94.94	+0.04	3,605
Mar 98	95.03	94.96	95.03	+0.07	6,624
Jun 98			94.99	+0.06	933
Sep 98			94.96	+0.05	22

Est. sales N.A. Tue's sales 927
Tue's open int 11,185, off 57

5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	108-07	107-55	108-04	+ 17	59,799

Est. sales 54,018 Tue's sales 54,505
Tue's open int 271,900, off 815

10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	111-16	111-05	111-15	+ 11	61,451
Mar 98	111-09	110-30	111-07	+ 11	308,605
Jun 98			111-05	+ 11	811

Est. sales 72,270 Tue's sales 129,100
Tue's open int 370,867, off 3,822

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	Opint
Dec 97	118-24	118-10	118-22	+ 15	112,386
Mar 98	118-19	118-02	118-16	+ 14	569,424
Jun 98	118-06	117-29	118-06	+ 14	18,725
Sep 98			117-30	+ 14	4,097

Est. sales 295,000 Tue's sales 322,528
Tue's open int 709,443, off 9,033

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Dec 97	119-30	119-21	119-31	+0-06	28,950
Mar 98	120-19	120-04	120-18	+0-06	166,373
Jun 98	N.T.	N.T.	104-28	+0-06	1,098

Est. sales: 59,849. Prev. sales: 76,070
Prev. open int.: 196,421 off 1,578

GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Mar 98	103.82	103.58	103.76	+0.09	257,916
Jun 98	103.12	103.12	103.12	+0.10	168

Est. sales: 100,333. Prev. sales: 131,930
Prev. open int.: 258,084 off 5,585

10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	100.86	100.64	100.72	+ 0.06	69,862
Mar 98	100.38	100.16	100.26	+ 0.06	98,174
Jun 98	99.76	99.76	99.68	+ 0.06	12

Est. sales: 121,457.
Open int.: 168,048 up 11,677.

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 98	114.73	114.45	114.67	+0.01	113,741
Jun 98	N.T.	N.T.	114.14	—0.01	53
Sep 98	N.T.	N.T.	114.14	—0.01	0

Est. sales: 27,482. Prev. sales: 21,420
Prev. open int.: 113,794 off 1,983

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.

	High	Low	Latest	Chge	Opint
Dec 97	94.03	94.02	94.03	unch.	20,851
Jan 98	94.27	94.24	94.27	+0.02	12,005
Feb 98	94.23	94.20	94.22	+0.03	5,272

Est. sales N.A. Tue's sales 3,208
Tue's open int 42,517, off 808

EURODOLLARS (CMER) $1 million-pts of 100 pct.

	High	Low	Latest	Chge	Opint
Dec 97	94.09	94.07	94.08	+0.01	376,970
Feb 98	94.13	94.09	94.12	+0.03	2,547
Mar 98	94.11	94.06	94.11	+0.05	486,616
Jun 98	94.08	94.02	94.08	+0.06	384,589
Sep 98	94.05	93.98	94.04	+0.06	269,526
Dec 98	93.97	93.91	93.96	+0.07	213,292
Mar 99	93.98	93.91	93.96	+0.06	157,691
Jun 99	93.94	93.89	93.92	+0.06	134,263
Sep 99	93.90	93.84	93.89	+0.06	98,482
Dec 99	93.84	93.78	93.83	+0.06	97,089
Mar 00	93.85	93.81	93.84	+0.05	73,143
Jun 00	93.83	93.79	93.82	+0.05	60,549

Est. sales N.A. Tue's sales 344,381
Tue's open int 2,798,152, up 8,817

BRITISH POUND (CMER) 62,500 pounds, $ per pound

	High	Low	Latest	Chge	Opint
Dec 97	1.6520	1.6438	1.6498	-0.0006	34,365
Mar 98	1.6454	1.6364	1.6430	-0.0006	17,328
Jun 98			1.6364	-0.0006	1,256

Est. sales N.A. Tue's sales 24,280
Tue's open int 52,950, off 1,392

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr

	High	Low	Latest	Chge	Opint
Dec 97	.7037	.7020	.7026	-0.0007	39,958
Mar 98	.7069	.7050	.7054	-0.0007	43,702
Jun 98	.7085	.7072	.7077	-0.0007	2,130

Est. sales N.A. Tue's sales 17,676
Tue's open int 86,967, off 346

GERMAN MARK (CMER) 125,000 marks, $ per mark

	High	Low	Latest	Chge	Opint
Dec 97	.5620	.5574	.5599	+0.0013	47,676
Mar 98	.5642	.5602	.5628	+0.0013	55,866
Jun 98	.5663	.5656	.5656	+0.0013	4,245

Est. sales N.A. Tue's sales 57,568
Tue's open int 107,924, up 7,069

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	Opint
Dec 97	.7790	.7700	.7736	+0.0012	71,644
Mar 98	.7896	.7806	.7842	+0.0012	82,902
Jun 98	.7983	.7950	.7951	+0.0012	1,421

Est. sales N.A. Tue's sales 84,089
Tue's open int 157,450, up 2,211

SWISS FRANC (CMER) 125,000 francs, $ per franc

	High	Low	Latest	Chge	Opint
Dec 97	.6939	.6865	.6920	+0.0035	26,745
Mar 98	.7012	.6925	.6991	+0.0037	36,584
Jun 98	.7070	.7060	.7060	+0.0038	1,451

Est. sales N.A. Tue's sales 44,327
Tue's open int 64,895, up 8,730

MEXICAN PESO (CMER) 500,000 pesos, $ per peso

	High	Low	Latest	Chge	Opint
Dec 97	.12287	.12250	.12270	-.00156	11,363
Mar 98	.11867	.11817	.11835	-.00248	12,744
Jun 98	.11475	.11440	.11455	-.00248	3,035

Est. sales N.A. Tue's sales 8,091
Tue's open int 32,500, up 411

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	92.31	92.29	92.29	—0.02	141,825
Mar 98	92.31	92.28	92.29	—0.02	134,389
Jun 98	92.42	92.38	92.40	—0.02	101,869
Sep 98	92.54	92.50	92.53	—0.01	83,503
Dec 98	92.72	92.67	92.70	Unch.	77,684
Mar 99	92.91	92.87	92.90	Unch.	65,386
Jun 99	93.08	93.04	93.07	Unch.	56,376

Est. sales: 51,899. Prev. sales: 147,971
Prev. open int.: 803,912 off 381

3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	96.23	96.22	96.23	Unch.	242,363
Jan 98	96.23	96.22	96.22	Unch.	13,646
Feb 98	N.T.	N.T.	96.14	Unch.	750
Mar 98	96.09	96.06	96.08	Unch.	339,174
Jun 98	95.87	95.83	95.85	—0.01	314,256
Sep 98	95.69	95.65	95.67	—0.01	232,202
Dec 98	95.48	95.44	95.46	—0.01	200,557
Mar 99	95.30	95.26	95.28	—0.01	240,355
Jun 99	95.13	95.09	95.12	Unch.	111,077
Sep 99	94.99	94.96	94.99	+0.01	90,012

Est. sales: 130,561. Prev. sales: 113,071
Prev. open int.: 1,957,245 up 3,100

3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	96.31	96.30	96.30	Unch.	48,964
Mar 98	96.08	96.06	96.07	Unch.	69,816
Jun 98	95.86	95.83	95.85	Unch.	35,851
Sep 98	95.68	95.65	95.68	Unch.	28,485
Dec 98	95.50	95.47	95.49	—0.01	25,768

Est. sales: 31,173.
Open int.: 287,507 up 2,979.

3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Dec 97	93.92	93.87	93.88	—0.04	98,580
Mar 98	94.72	94.65	94.69	—0.02	130,962

	High	Low	Latest	Chge	Opint
Jun 98	95.25	95.21	95.22	—0.04	127,955
Sep 98	95.39	95.36	95.37	—0.03	76,761
Dec 98	95.33	95.30	95.30	—0.02	58,847
Mar 99	95.19	95.16	95.17	—0.02	82,799

Est. sales: 66,315. Prev. sales: 43,456
Prev. open int.: 603,282 up 1,326

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 98	68.30	67.20	68.05	+0.38	43,416
May 98	69.60	68.50	69.38	+0.31	14,550
Jul 98	70.80	70.05	70.65	+0.24	15,374
Oct 98	72.70	72.50	72.70	unch.	1,316
Dec 98	73.80	73.50	73.44	-0.03	11,208

Est. sales N.A. Tue's sales 11,691
Tue's open int 86,561, up 605

HEATING OIL (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Jan 98	53.35	51.45	51.66	-1.46	50,967
Feb 98	52.85	52.20	52.44	-1.22	33,526
Mar 98	53.70	52.40	52.59	-0.97	17,397
Apr 98	53.15	52.00	52.09	-0.77	8,805
May 98	52.32	51.59	51.59	-0.57	6,924
Jun 98	52.10	51.44	51.44	-0.47	8,550
Jul 98	52.00	51.54	51.54	-0.42	3,612

Est. sales N.A. Tue's sales 29,214
Tue's open int 144,699, up 2,578

LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	Opint
Jan 98	18.80	18.05	18.14	-0.53	95,614
Feb 98	19.04	18.24	18.41	-0.51	76,795
Mar 98	19.15	18.55	18.61	-0.46	35,730
Apr 98	19.22	18.75	18.76	-0.42	23,701
May 98	19.30	18.85	18.88	-0.39	22,898
Jun 98	19.37	18.93	18.95	-0.36	35,347

Est. sales N.A. Tue's sales 79,066
Tue's open int 434,378, up 2,618

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	Opint
Jan 98	2.570	2.340	2.360	-0.166	43,776
Feb 98	2.515	2.340	2.350	-0.127	31,047
Mar 98	2.405	2.290	2.300	-0.072	21,446
Apr 98	2.290	2.200	2.200	-0.060	11,740
May 98	2.240	2.185	2.185	-0.038	9,571
Jun 98	2.230	2.180	2.180	-0.033	8,811

Est. sales N.A. Tue's sales 44,012
Tue's open int 210,074, up 1,782

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Jan 98	56.35	54.10	54.26	-1.71	32,518
Feb 98	56.70	54.80	54.98	-1.38	19,919
Mar 98	57.10	55.35	55.61	-1.15	11,393
Apr 98	58.85	58.36	58.36	-1.03	9,048
May 98	58.80	58.10	58.22	-0.97	9,196
Jun 98	58.50	57.77	57.77	-0.92	6,591
Jul 98	58.90	57.17	57.17	-0.77	4,782
Aug 98	57.05	56.32	56.32	-0.72	1,985

Est. sales N.A. Tue's sales 21,135
Tue's open int 99,073, up 2,403

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	Opint
Dec 97	162.50	157.75	158.00	—5.50	9,558
Jan 98	164.75	159.25	159.50	—5.00	29,195
Feb 98	164.75	160.50	161.00	—4.00	15,854
Mar 98	164.00	161.00	161.00	—3.50	11,518
Apr 98	164.00	161.50	161.50	—2.75	4,806
May 98	164.00	161.50	161.50	—2.50	2,958
Jun 98	163.75	161.00	161.50	—2.50	11,364

Est. sales: 34,350. Prev. sales: 18,622
Prev. open int.: 99,465 off 1,110

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	Opint
Jan 98	18.00	17.40	17.42	—0.50	45,159
Feb 98	18.05	17.53	17.53	—0.46	67,369
Mar 98	18.07	17.59	17.59	—0.43	24,777
Apr 98	18.09	17.65	17.64	—0.39	13,309
May 98	18.07	17.74	17.67	—0.36	11,077
Jun 98	18.10	17.68	17.69	—0.34	17,880

Est. sales: 55,628. Prev. sales: 41,229
Prev. open int.: 195,105 up 1,409

Stock Indexes

SP COMP INDEX (CMER) 250 x index

	High	Low	Latest	Chge	Opint
Dec 97	979.80	965.50	971.50	-7.40	201,215
Mar 98	987.10	974.50	982.00	-8.00	128,476
Jun 98	996.50	995.00	995.00	-5.80	4,962

Est. sales N.A. Tue's sales 139,293
Tue's open int 418,633, up 1,919

FTSE 100 (LIFFE) £25 per index point

	High	Low	Latest	Chge	Opint
Dec 97	5165.0	5165.0	5140.0	—38.0	50,777
Mar 98	5212.0	5212.0	5190.0	—36.5	17,157

Est. sales: 16,534. Prev. sales: 17,960
Prev. open int.: 67,934 off 1,153

CAC 40 (MATIF) FF200 per index point

	High	Low	Latest	Chge	Opint
Dec 97	2956.0	2921.0	2938.0	— 32.0	42,350
Jan 98	2956.0	2931.0	2942.0	— 32.0	4,782
Feb 98	2956.0	2965.0	2951.0	— 32.0	550
Mar 98	2974.0	2948.5	2958.5	— 32.0	11,609

Est. sales: 21,409.
Open int.: 77,484 off 489.

Commodity Indexes

	Close	Previous
Moody's	1,488.30	1,485.50
Reuters	1,797.60	1,795.90
D.J. Futures	146.07	145.77
CRB	237.47	237.12

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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Christies Up for Sale As Bidder Emerges

Compiled by Our Staff From Dispatches

LONDON — Christies International PLC found itself on the block Wednesday after an unidentified bidder made a new offer to buy the 211-year-old art auction house, sending its shares up 11.3 percent.

Christies shares gained 31 pence to close at 306 ($5.05) after it said the bidder, with whom it broke off talks Monday, had made a modified takeover bid. It did not give details.

The previous offer, which had not been disclosed, "was not in shareholders' interests," Christies said.

A Christies spokesman said the company had yet to decide how to react to the new approach.

The auction house said it was still consulting with its financial advisers, Hambros PLC and Merrill Lynch & Co.

The bid comes amid increased investor interest in Christies and its rival, Sotheby's Holdings Inc., which share the world market for art sales as those sales boom and new markets such as Asia and Latin America open.

A Texas-based investment group, the Bass family, this week sought the U.S. Federal Trade Commission's permission to increase its stake in Sotheby's to as much as 25 percent from 13.5 percent.

"The art market has recovered a lot in the last two years," said Guy Bell, an analyst at the London-based brokerage Beeson Gregory. "Increased profit and revenue is now working in the auctioneers' favor."

Analysts said it was difficult to say who would buy Christies. Long the subject of takeover speculation, the company could be the target of someone simply seeking the prestige of its name. As a business, the cyclical and sometimes volatile art market may be less of an attraction, they said.

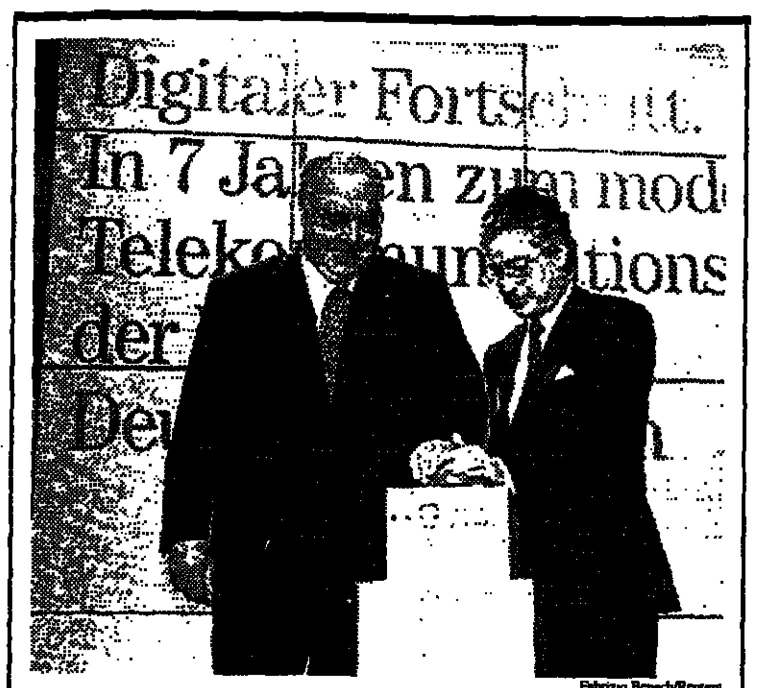
The largest shareholder in Christies is Joe Lewis, a Bahamas-based investor who has a 29.9 percent stake. British press reports in the past year have linked Mr. Lewis with possible bids for Christies. He could not immediately be reached for comment.

Christies sold $1.602 billion of art through its salerooms last year, slightly surpassing Sotheby's, which had sales valued at $1.60 billion, for the first time since 1954. Christies' pretax profit was $53.6 million, compared with $68.2 million at Sotheby's.

In the first half of 1997, Christies had a 22 percent increase in net income from a year earlier, lifted by successful sales of Western and Asian modern and classical art, including a sale in May in New York of Impressionist and modern paintings from the collection of John and Frances Loeb that brought in $93 million.

Other items to cross Christies' auction tables this year included dresses worn by Diana, Princess of Wales, sold before her death to raise money for charity.

(Bloomberg, Reuters)



Fabrizio Bensch/Reuters

Hello, Eastern Germany?

Chancellor Helmut Kohl in Neubandenburg on Wednesday helping the chief executive of Deutsche Telekom AG, Ron Sommer, to inaugurate a seven-year, $30 billion digital phone network for Eastern Germany.

Euro Gains Supporters In EU, Except In Germany

Agence France-Presse

PARIS — With just five months to go before the European Union decides which of its members can implement the single currency, the euro, a survey of the five biggest countries in the bloc showed Wednesday that a majority of citizens favored the common currency — except in Germany.

Even Britain has for the first time recorded a higher number of people favoring membership in the euro than opposing it. Of those asked, 49 percent said they favored the single currency, with 43 percent against, according to the IPSOS-AFP three-month barometer of EU public opinion.

The poll showed single currency resulting from the bloc's plan for economic and monetary union gaining popularity well ahead of the meeting May 2 in Brussels that is to determine which countries will be the first ones to adopt the euro.

A total of 53 percent of the 4,773 people surveyed in Britain, France, Germany, Italy and Spain declared themselves in favor of the single-currency project, up from 50 percent in a similar survey in June and 47 percent in March.

In both France and Spain, 54 percent favored the euro in the latest survey. Support is by far the strongest in Italy, at 71 percent.

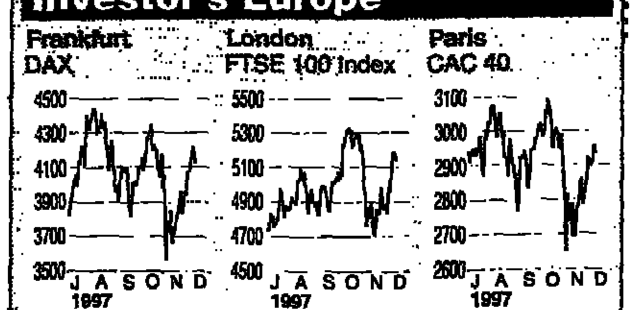
But in Germany — where the Deutsche mark is regarded as the core of the new currency that is to comes into being Jan. 1, 1999 — the change remains unwelcome. There, 52 percent were opposed, and only 39 percent said they favored it.

■ Britain Holds to Its Stance

Britain said again Wednesday that it would not accept "observer" status in the group coordinating economic policies for countries that adopted the euro, Agence France-Presse reported from London.

Prime Minister Tony Blair made the same point Tuesday, as he has done before. The Labour government in Britain has ruled out joining the single currency until after the next general election, which must be held before the spring of 2002, but has indicated it would be likely to join soon afterward.

Investor's Europe



Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	910.30	924.00	-1.48
Brussels	BEL-20	2,471.37	2,487.75	-0.66
Frankfurt	DAX	4,117.27	4,184.91	-1.62
Copenhagen	Stock Market	657.18	657.85	-0.10
Helsinki	HEX General	3,344.34	3,421.20	-2.25
Oslo	OBX	688.38	691.26	-0.42
London	FTSE 100	5,130.70	5,177.10	-0.90
Madrid	Stock Exchange	623.43	631.71	-1.31
Milan	MIBTEL	15674	15786	-0.71
Paris	CAC 40	2,932.18	2,959.40	-0.92
Stockholm	SX 16	3,252.88	3,318.35	-1.97
Vienna	ATX	1,305.84	1,323.80	-1.36
Zurich	SPI	3,776.83	3,803.55	-0.70

Source: Telekurs — International Herald Tribune

U.S. and Asian Stock Losses Cast a Shadow Over Europe

Compiled by Our Staff From Dispatches

LONDON — Stock markets across Europe sank Wednesday, unsettled by weak performances by both U.S. and Asian blue-chip shares and concern about the health of President Boris Yeltsin of Russia.

"Fear still prevails regarding earnings forecasts," said John Shelley, a money manager at Aberdeen Asset Management.

Frankfurt's DAX index fell 1.62 percent to close at 4,117.27 points, while France's benchmark CAC 40 Index dropped 0.92 percent to 2,932.18. In London, the FT-SE 100 Index fell 0.9 percent, to 5,177.10.

A lower-than-expected profit report from the U.S. software company Oracle Corp. pulled down the U.S. market Tuesday, and that seemed to darken sentiment in Europe on Wednesday. Oracle said its sales had been hit by the economic turmoil in Asia.

"We were all set in the States for a big Christmas rally, and I think it got ahead of itself," one London dealer said. "We had the catalyst of Oracle to bring us back down to earth."

Concern about Mr. Yeltsin's health put German stocks under particular pressure, as Germany is a major creditor in Russia, said Fabrice Borland, a trader at Banque Nationale de Paris SA (Deutschland). *(Bloomberg, Reuters)*

Daimler Talks Up Revamped A-Car

Reuters

FRANKFURT — Daimler-Benz AG began an advertising blitz Wednesday to proclaim the safety of its revamped A-Class model Mercedes-Benz.

Daimler had about 100,000 orders for the car when a test showed it had stability problems. It halted deliveries and now is making the car with an electronic stabilization system. Deliveries are to resume in February, Daimler said.

Very briefly:

• **The European Commission** is considering allowing the Continent's phone companies to continue to own cable-television networks as it prepares to open Europe's telecommunications markets to competition in January, a person familiar with the situation said. The plan would reverse a policy requiring the companies to sell networks they own in their geographical region to promote competition.

• **The European Commission** cleared **Anglo American Corp.**'s plan to swap its 26.1 percent stake in **Lonrho PLC** for stakes in two gold mines owned by **JCI Ltd.** and other JCI assets. The transaction, which settles a yearlong antitrust dispute over Anglo American's share of the $1.8 billion global platinum market, is valued at 2.4 billion to 2.6 billion rand ($493 million to $534 million).

• **Aero International (Regional)**, a European plane-making venture based in France, abandoned plans to develop a 70-seat passenger jet with a South Korean consortium led by **Samsung Aerospace Industries Co.**

• **Kingfisher PLC**, a British retailer, warned of stiff competition in the Christmas season as it said sales at its five retail chains rose 10.8 percent in the three months ended Nov. 1.

• **Fidelity Brokerage Services**, the British brokerage arm of **Fidelity Investment Co.**, said its president and chief executive, Giles Vardey, would step down next month as the firm abandoned its institutional business to concentrate on retail customers.

• **Fiat SpA** expects to double its operating profit this year to 3.6 trillion lire ($2.09 billion), a senior executive said, adding that the carmaker expected sales to rise 15 percent, to almost 90 trillion lire.

• **Belgium and Luxembourg**'s trade surplus grew 53 percent in September, to 58.7 billion Belgian francs ($1.59 billion), the National Bank of Belgium said. The two countries are joined in an economic union.

Bloomberg, AFP

Praise for Aerospace Plan

Reuters

BRUSSELS — A top European Union official welcomed on Wednesday the call by France, Germany and Britain to restructure Europe's defense and aerospace industries.

But a British industry group warned that any restructuring would fail if France did not give up state control of the sector.

The EU industry commissioner, Martin Bangemann, said that he was "particularly satisfied" with the three countries' announcement, and added that the commission would continue to take steps to facilitate a restructuring. But he stressed that it was primarily for industry to work out the structure required.

The firsts steps in the civil and military integration would include a swift transformation of Airbus Industrie into an integrated company, the three governments said. They said the industry should have a clear plan and a detailed timetable for consolidation by the end of March.

But a British industry grouping, the Defense Manufacturers Association, whose members include British Aerospace PLC and General Electric Co., said France must commit first to privatizing its key aerospace and defense companies.

WORLD STOCK MARKETS

Wednesday, Dec. 10

Prices in local currencies.
Telekurs

Amsterdam
AEX index: 910.30 — Previous: 924.00

	High	Low	Close	Prev.
ABN-AMRO	41.70	40.90	41.20	41.80
Aegon	176.70	174.60	174.20	176.90
Ahold	54.50	52.10	52.20	54.50
Akzo Nobel	357.30	348.50	349	353
Baan Co.	149.50	144.50	146.40	150.60
Bols Wess cva	30.50	30	30	30.40
CSM cva	83.50	82.60	83	83.40
Dordtsche Pet	106.80	105.10	104.50	106.30
DSM	186.20	179.50	179.80	185.50
Elsevier	33.60	33.20	33.20	33.60
Fortis Amev	87.30	85.50	85.90	87.70
Getronics	63.80	62.30	63.50	63.50
G-Broc cva	53.50	52	52.90	53.50
Hagemeyer	92.70	88.10	88.30	92.30
Heineken	347	341	341	347.90
Hoogovens cva	96.80	92.10	92.40	96.50
Hunt Douglas	77.50	76.50	77.20	77.80
ING Group	[illegible]	86.40	87.20	87
KLM	[illegible]	74.30	74.90	78.50
KNP BT	41	42.30	42.60	42.80
KPN	81.90	80.20	80.70	82.10
Nedlloyd Gp	44.50	43.90	43.90	44.30
Nutricia	60.80	57.90	60.80	60.30
Oce Grinten	222	218	219	224
Philips Elec	136.30	130.50	131.80	135.40
Polygram	102.90	100	100.20	102.10
Randstad Hdg	75	73.20	74	74.60
Robeco	193.50	192	192	192.60
Rodamco	57.30	56.90	57.10	57.30
Rolinco	181	180	180	181.80
Rorento	120	119.70	120	119.50
Royal Dutch	108.80	107.40	108.40	109
Unilever cva	123	120.60	120.80	123.10
Vendex Intl	113.90	111.80	112.10	113.60
VNU	51.20	49.90	50.70	51.40
Wolters Kl cva	265	263	263.90	265.30

Market Closed

The stock market in Bangkok was closed Wednesday for a holiday.

Bombay
Sensex 30 index: 3247.33 — Previous: 3291.59

	High	Low	Close	Prev.
Bajaj Auto	576	551.25	557.25	580.75
Hindust Lever	1298	1264	1277.50	1303
Hindust Petm	454.25	440	453.50	451.50
Ind Dev Bk	83	81	81.25	82.75
ITC	564	541.25	547.75	565
Mahanagar Tel	225.75	219.75	225.25	223
Reliance Ind	157	152	154.25	157.25
State Bk India	213.50	205.25	207.75	212.50
Steel Authority	10.25	9.75	9.75	9.75
Tata Eng Loco	272.25	253.75	257	274.25

Brussels
BEL-20 index: 2471.37 — Previous: 2487.75

	High	Low	Close	Prev.
Almanij	1830	1760	1795	1755
Barco Ind	6850	6750	6840	6780
BBL	10125	10000	10100	10100
CBR	3450	3355	3380	3410
Colruyt	19250	18925	19025	19175
Delhaize Lion	1930	1910	1925	1920
Electrabel	8300	8280	8280	8280
Electrafina	3480	3400	3420	3500
Fortis AG	7580	7460	7470	7590
Gevaert	1750	1710	1740	1710
GBL	5550	5480	5540	5530
Gen Banque	15625	15525	15525	15550
Kredietbank	15550	15200	15350	15300
Petrofina	14150	14000	14075	14325
Powerfin	5140	5140	5140	5180
Royale Belge	9970	9910	9950	9990
Soc Gen Belg	3550	3475	3485	3540
Solvay	2365	2325	2345	2350
Tractebel	3125	3110	3115	3105
UCB	127300	123550	124350	127600

Copenhagen
Stock index: 657.18 — Previous: 657.85

	High	Low	Close	Prev.
BG Bank	487	480	487	485
Carlsberg B	381	370	376	378
Codan Fors	976	965	965	965
Danisco	370	360	368	366.40
Den Danske Bk	855	823	833.49	838
D/S Svendborg B	435535	429800	429756	430000
D/S 1912 B	305381	299962	305000	300000
FLS Ind B	182	173	173	180
Kob Lufthavne	795	789	790	790
Novo Nordisk B	912.28	890	897.86	910
Sophus Ber B	1070	1059.89	1065	1077.50
Tele Danmk B	450	427	440	429.12
Trya Baltica	434	425	430	432
Unidanmark A	519	500	505	510

Frankfurt
DAX: 4117.27 — Previous: 4184.91

	High	Low	Close	Prev.
AMB B	173.90	170.50	170.50	171.30
Adidas	274.50	272	272	269.50
Allianz	431.50	424.50	426	437.50
Altana	123.98	123.75	123.90	123.60
Axa Colonia	171.50	169.90	170.20	168.50
Bk Berlin	37.90	36.20	36.60	37.45
BASF	63.60	62.55	62.85	64
Bayer Hypo Bk	84.20	83.20	83.25	83.70
Bay.Vereinsbank	116	112.50	113.50	115.70
Bayer	65.90	64.05	64.15	65.90
Beiersdorf	77.50	77	77	78
Bewag	46.70	45.15	46.50	45.15
BHW	1398	1374	1375	1414
Commerzbank	69.60	68.10	68.20	68.10
Daimler Benz	127.70	126.20	126.90	126.15
Degussa	91	88	88.20	91.50
Deutsche Bank	126.40	124.20	124.65	124.20
Deut Telekom	34.40	33.60	33.90	34.90
Dresdner Bank	82.10	79	79.50	81.40
Fresenius	284	281	281	284
Fresenius Med	115.30	113.50	114	115
Fried. Krupp	349	346	346	350
Gehe	102.50	101.50	101.60	101.10
Heidelbg Zmt	138.90	134	136.50	139.50
Henkel pfd	113.38	111	111.40	112.90
HEW	465	465	465	465
Hochtief	75	75	75	75
Hoechst	63.95	62.70	62.95	63.90
Karstadt	666	634	655	643
Lahmeyer	77	74	75.90	77.90
Linde	1134	1110	1119	1130
Lufthansa R	34.60	34.35	34.40	34.74
MAN	556	549	549	546
Mannesmann	878	858	859	876
Metallgesellschaft	33.90	33.70	33.75	33.80
Metro	82.10	81.60	81.70	82.50
Munch Rueck R	619	613	614	614.50
Preussag	517	503	514	516
RWE	93.35	91.50	91.50	93.90
SAP	535	528	528.50	535.50
Schering	181.50	175.20	177.50	182.50
SGL Carbon	232	226.50	232.50	230.50
Siemens	109.10	105.60	106	109.30
Springer (Axel)	1345	1339	1339	1380
Suedzucker	913	913	913	916
Thyssen	410.50	408.50	409.50	413.90
Veba	113.90	113.10	113.40	112.50
VEW	555	555	555	560
Viag	953	916	924	960
Volkswagen	1003	995	996	1009

Helsinki
HEX General index: 3344.34 — Previous: 3421.20

	High	Low	Close	Prev.
Enso A	46.20	45	45	47
Huhtamaki I	225	225	225	225
Kemira	51.90	51.30	51.50	51.90
Kesko	83.50	81	81	84
Merita A	28.10	26.80	28	26.90
Metra B	128.50	122	126	128.50
Metsa-Serla B	47.50	47	47.10	48
Neste	126	121	121	127
Nokia A	417	400	403	422.10
Orion-Yhtymae	150	149	149	148.50
Outokumpu	73	70	70.50	72.70
UPM-Kymmene	111	107	107	111
Valmet	79	77	77	79

Hong Kong
Hang Seng: 11022.47 — Previous: 11490.44

	High	Low	Close	Prev.
Amoy Props	6.90	6.80	6.85	6.90
Bk East Asia	19	18.60	18.65	18.90
Cathay Pacific	7.20	7	7	7.15
Cheung Kong	54.75	52.75	53.25	55.25
CK Infrastruct	22.75	21	21.05	23
China Light	41.40	40.10	40.10	41.30
Citic Pacific	33.70	31.70	31.70	34.30
Dao Heng Bk	21.80	20.60	21.20	22.05
First Pacific	5.40	4.95	5	5.45
Hang Lung Dev	11.55	11.05	11.45	11.60
Hang Seng Bk	75.50	73.25	73.25	76.25
Henderson Inv	6.75	6.55	6.60	6.70
Henderson Ld	39.80	38.60	38.80	40.30
HK China Gas	14.60	14	14	14.60
HK Electric	28.90	28.20	28.25	29.10
HK Telecomm	16.45	15.95	15.95	16.50
Hopewell Hldgs	2.18	2.05	2.08	2.18
HSBC Hldgs	205	198	198.50	205
Hutchison Wh	53	50.50	50.50	54
Hysan Dev	16.40	16.15	16.35	16.35
Johnson El Hdg	24.05	23.80	24	24.10
Kerry Props	14.20	14.10	14.20	14.20
New World Dev	31.10	29.80	30	31.30
Oriental Press	2.39	2.28	2.33	2.30
Pearl Oriental	0.41	0.39	0.40	0.41
SHK Props	62	59.25	59.25	62.50
Shun Tak Hdgs	2.73	2.65	2.70	2.70
Sino Land Co.	5.10	4.95	5	5.15
Sth China Post	6.05	6	6	6.15
Swire Pac A	45	42.90	43	45.30
Wharf Hdgs	16.65	16.15	16.40	17
Wheelock	9.55	9.30	9.35	9.55

Jakarta
Composite index: 415.94 — Previous: 425.30

	High	Low	Close	Prev.
Astra Intl	2300	2150	2150	2325
Bk Intl Indon	475	450	475	475
Bk Negara	575	550	550	550
Gudang Garm	8550	8275	8275	8650
Indocement	1475	1400	1450	1475
Indofood	2750	2700	2750	2700
Indosat	9150	9000	9150	9175
Sampoerna HM	5025	4875	4900	4925
Semen Gresik	3125	3000	3050	3025
Telekomunikasi	3175	3025	3050	3225

Johannesburg
All Market: 6897.39 — Previous: 6158.82

	High	Low	Close	Prev.
ABSA Group	28.35	28.05	28.20	28.35
AngloAm Coal	224	224	224	224
AngloAm Corp	199.60	196.40	197	200.20
AngloAm Gold	169	164	149	169.80
AngloAm Ind	115	109.60	110.80	114
AngloAm Plat	75	73.10	74	73.30
AVMIN	5.95	5.70	5.70	5.95
Barlow	42.60	42.40	42.60	42.60
C.G. Smith	19.90	19.50	19.50	20
De Beers	99.20	98.50	98.80	99.20
Driefontein	31.60	31.15	31.55	31.60
Fst Natl Bk	40.85	40	40.05	41
Gencor	7.85	7.75	7.75	7.75
GFSA	69	67	67.50	68.40
Imperial Hdgs	55.80	53	55	56
Ingwe Coal	17.45	17.25	17.30	17.55
Iscor	1.95	1.85	1.93	1.96
Johnnies Indl	49.90	48	48	49.50
Liberty Hdgs	328	327	327	327.60
Liberty Life	120.40	120	120.40	120.60
LibLife Strat	15.20	14.80	15	16
Minorco	86	85.10	85.10	86.60
Nampak	15.10	14.60	14.70	15.10
Nedcor	107	106	106.20	107
Rembrandt Gp	37	36.80	37	36.50
Richemont	53.70	51.50	52.50	53.50
SA Breweries	119	114.80	115.80	119
Samancor	24.25	24	24.20	24.50
Sasol	49.90	49.25	49.80	49.85
SBIC	207	205	207	207
Tiger Oats	67.40	67	67	67.30

Kuala Lumpur
Composite: 626.36 — Previous: 629.15

	High	Low	Close	Prev.
AMMB Hdgs	3.08	2.99	3.06	3.06
Genting	10.30	9.60	10	10.10
Mal Banking	11.50	11	11.20	11.40
Mal Intl Ship F	5.75	5.50	5.50	5.80
Petronas Gas	9.40	9	9.35	9
Proton	5.25	4.96	5.20	5.10
Public Bk	2.11	2.05	2.08	2.10
Renong	Susp.	Susp.	Susp.	1.80
Resorts World	6.65	6.20	6.50	6.55
Rothmans PM	32.50	31.75	31.75	32
Sime Darby	4.06	3.86	3.94	4.06
Telekom Mal	11.40	10.70	11.10	10.90
Tenaga	8.60	7.40	8.30	7.75
Utd Engineers	3.60	3.20	3.24	3.24
YTL	5.20	4.98	5.15	5.15

London
FT-SE 100: 5130.70 — Previous: 5177.10

	High	Low	Close	Prev.
Abbey Natl	10.19	9.85	10.13	10.21
Allied Domecq	5.45	5.31	5.32	5.42
Anglian Water	8.40	7.86	8.37	8.22
Argos	6.18	5.98	5.98	6.15
Asda Group	1.76	1.72	1.73	1.74
Assoc Br Foods	5.56	5.46	5.55	5.50
BAA	5.01	4.92	4.98	4.95
Barclays	16.70	16.15	16.29	16.28
Bass	9.16	8.98	9.11	9.07
BAT Ind	5.55	5.35	5.45	5.57
Bank Scotland	5.70	5.58	5.68	5.70
Blue Circle	3.39	3.20	3.25	3.39
BOC Group	10.03	9.56	9.89	9.96
Boots	8.95	8.68	8.76	8.93
BPB Ind	3.30	3.23	3.27	3.32
Brit Aerosp	17.95	17.32	17.42	17.65
Brit Airways	5.69	5.50	5.64	5.64
BG	2.90	2.82	2.86	2.89
Brit Land	6.67	6.57	6.65	6.60
Brit Petm	8.48	8.30	8.39	8.51
BSkyB	4.55	4.35	4.52	4.46
Brit Steel	1.45	1.39	1.39	1.43
Brit Telecom	4.77	4.74	4.75	4.74
BTR	1.82	1.74	1.81	1.78
Burmah Castrol	10.55	10.40	10.51	10.66
Burton Gp	1.44	1.40	1.40	1.43
Cable Wireless	5.48	5.30	5.39	5.45
Cadbury Schw	6.35	6.26	6.30	6.35
Carlton Comm	4.65	4.54	4.65	4.58
Comml Union	8.98	8.70	8.78	8.88
Compass Gp	7.30	7.20	7.29	7.27
Courtaulds	3.12	2.98	3.07	3.01
Dixons	6.30	6.05	6.19	6.46
Electrocomponents	4.66	4.61	4.62	4.65
EMI Group	4.80	4.65	4.70	4.87
Energy Group	6.41	6.35	6.39	6.34
Enterprise Oil	4.12	4.03	4.08	4.07
Fam Colonial	1.75	1.73	1.73	1.75
Genl Accident	10.80	10.38	10.45	10.79
GEC	4.12	4.01	4.07	4.08
GKN	12.90	12.52	12.63	13.11
Glaxo Wellcome	14.45	14.10	14.26	14.49
Granada Gp	8.65	8.56	8.58	8.53
Grand Met	5.89	5.79	5.87	5.81
GRE	3.24	3.17	3.19	3.26
Greenalls Gp	4.19	4.13	4.13	4.20
Guinness	5.90	5.59	5.85	5.80
GUS	7.36	7.30	7.34	7.34
Hays	8.05	7.83	7.84	7.89
HSBC Hldgs	15.77	15.37	15.60	16.20
ICI	9.28	9.04	9.28	9
Impl Tobacco	3.99	3.83	3.86	3.90
Kingfisher	8.48	8.24	8.29	8.47
Ladbroke	2.83	2.73	2.76	2.83
Land Sec	10.15	9.91	10.04	10.05
Lasmo	2.79	2.72	2.72	2.77
Legal Genl Grp	5.23	5.17	5.17	5.21
Lloyds TSB Gp	7.76	7.44	7.57	7.81
Lucas Varity	1.93	1.89	1.91	1.91
Marks Spencer	6.24	6.15	6.20	6.34
MEPC	5.49	5.28	5.48	5.46
Mercury Asset	16.75	16.70	16.72	16.72
National Grid	2.97	2.91	2.94	2.96
Natl Power	5.98	5.59	5.92	5.98
NatWest	10.10	9.85	9.89	10.05
Next	7.05	6.90	6.95	7.15
Norwich Union	3.89	3.75	3.79	3.86
Orange	2.66	2.55	2.65	2.69
P&O	6.68	6.57	6.64	6.73
Pearson	8.50	8.32	8.35	8.45
Pilkington	1.24	1.20	1.20	1.22
PowerGen	7.99	7.78	7.85	7.91
Premier Farnell	4.25	4.20	4.20	4.21
Prudential	7.34	7.06	7.20	7.14
Railtrack Gp	10.82	9.84	10	10.78
Rank Group	3.48	3.41	3.48	3.49
Reckitt Colm	9.45	9.21	9.40	9.30
Redland	3.44	3.42	3.42	3.42
Reed Intl	6.20	6.02	6.14	6.37
Rentokil Initial	2.56	2.48	2.53	2.59
Reuters Hdgs	6.95	6.60	6.68	7.15
Rexam	2.87	2.75	2.82	2.82
RTZ reg	7.94	7.66	7.80	7.92
RMC Group	9.30	8.84	9.10	9.06
Rolls Royce	2.47	2.43	2.45	2.46
Royal Bk Scot	7.80	7.65	7.80	7.75
Royal & Sun All	6.22	6.04	6.09	6.15
Safeway	3.58	3.35	3.38	3.30
Sainsbury	5.16	5.01	5.11	5.15
Schroders	18.96	18.50	18.85	19.04
Scot Newcastle	7.44	7.23	7.39	7.41
Scot Power	5.18	5.02	5.13	5.15
Securicor	3.08	3.05	3.08	3.07
Severn Trent	10.11	9.87	9.96	9.90
Shell Transp R	4.45	4.38	4.41	4.42
Siebe	12.63	12	12.26	12.41
Smith Nephew	1.82	1.81	1.81	1.81
SmithKline	6.26	6.10	6.25	6.24
Smiths Ind	8.88	8.63	8.69	8.82
Sthern Elec	4.97	4.82	4.85	4.98
Stagecoach	7.90	7.78	7.84	7.76
Stand Charter	7.57	7.15	7.23	7.55
Tate & Lyle	4.90	4.85	4.90	4.85
Tesco	5.08	5.01	5.05	5.05
Thames Water	9.60	9.50	9.56	9.45
3i Group	5.10	5	5.03	5.11
TI Group	5.44	5.14	5.14	5.27
Tomkins	2.98	2.91	2.98	2.99
Unilever	5.06	4.96	4.98	5.06
Utd Assurance	5.18	5.10	5.16	5.16
Utd News	7.65	7.43	7.50	7.65
Utd Utilities	7.60	7.48	7.56	7.61
Vendome Lx uts	4.72	4.66	4.67	4.70
Vodafone	4.16	4.08	4.13	4.03
Whitbread	8.65	8.53	8.64	8.62
Williams Hdgs	3.36	3.29	3.31	3.30
Wolseley	5.02	4.80	5.02	4.84
WPP Group	2.68	2.62	2.63	2.68
Zeneca	19.80	19.35	19.80	19.85

Madrid
Bolsa index: 622.43 — Previous: 631.71

	High	Low	Close	Prev.
Acerinox	24790	23540	23690	24640
ACESA	2040	2005	2020	2035
Aguas Barcelon	6400	6250	6290	6390
Argentaria	9830	9680	9730	9840
BBV	4685	4635	4665	4700
Banesto	1425	1405	1415	1420
Bankinter	8470	8300	8410	8490
Bco Centro Hisp	3335	3180	3230	3285
Bco Popular	10170	9900	10170	10180
Bco Santander	4715	4660	4685	4725
CEPSA	4610	4550	4565	4655
Continente	2840	2750	2800	2860
Corp Mapfre	8050	7760	7900	7830
Endesa	2900	2840	2850	2885
FECSA	1335	1315	1325	1335
Gas Natural	7720	7470	7570	7730
Iberdrola	2060	1995	2000	2080
Pryca	2350	2270	2280	2350
Repsol	6510	6460	6480	6510
Sevillana Elec	1450	1420	1420	1430
Tabacalera	11740	11410	11670	11690
Telefonica	4575	4460	4490	4600
Union Fenosa	1495	1480	1490	1500
Valenc Cement	2925	2885	2905	2900

Manila
PSE index: 1972.84 — Previous: 1979.58

	High	Low	Close	Prev.
Ayala	16.25	15	16.25	16
Ayala Land	15.75	15	15.75	15.50
Bk Philip Isl	91	88	89.50	91
C&P Homes	2.65	2.42	2.60	2.44
Manila Elec A	81.50	80	81	80.50
Metro Bank	285	272.50	277.50	290
Petron	4	3.80	3.90	3.75
PCIBank	134	134	134	137
Phil Long Dist	890	860	870	925
San Miguel B	57	52.50	56.50	54.50
SM Prime Hdg	6.30	6	6.30	6.10

Mexico
Bolsa index: 5040.93 — Previous: 5111.87

	High	Low	Close	Prev.
Alfa A	61.00	59.60	60.00	61.40
Banacci B	21.00	20.55	20.70	21.00
Cemex CPO	36.10	35.50	35.75	36.25
Cifra C	16.98	16.78	16.96	17.00
Emp Modema	40.20	39.85	40.20	40.00
Gpo Carso A1	57.50	55.20	56.80	55.90
Gpo F Bcomer	3.14	3.10	3.14	3.18
Gpo Fin Inbursa	32.50	31.70	31.70	32.00
Kimb Clark Mex	38.40	37.98	38.00	38.40
Televisa CPO	155.70	154.00	154.20	158.20
TelMex L	21.25	20.50	20.60	21.35

Milan
MIB Telematico: 15674.00 — Previous: 15786.00

	High	Low	Close	Prev.
Alleanza Assic	16500	16300	16410	16600
Bca Comm Ital	5305	5240	5300	5350
Bca Fideuram	7900	7550	7900	7840
Bca di Roma	1520	1490	1519	1530
Benetton	28200	27800	28200	28000
Credito Italiano	5280	5075	5120	5310
Edison	10280	10035	10215	10310
ENI	9900	9735	9750	9845
Fiat	5045	4970	5015	4995
Generali Assic	40300	39900	40300	40250
IMI	19470	19105	19420	19345
INA	3090	3040	3040	3090
Italgas	6900	6780	6780	6885
Mediaset	8350	8270	8270	8355
Mediobanca	13100	12800	12900	13070
Montedison	1509	1491	1506	1513
Olivetti	998	980	993	977
Parmalat	2540	2480	2535	2540
Pirelli	4500	4380	4415	4470
RAS	16075	15870	15950	16085
Rolo Banca	25200	24800	24900	25300
S Paolo Torino	17360	16800	17000	17000
Telecom Italia	10800	10600	10625	10865
TIM	7280	7185	7200	7250

Montreal
Industrials index: 3341.93 — Previous: 3397.11

	High	Low	Close	Prev.
Bce Mob Com	38¼	37½	37½	37½
Cdn Tire A	30.95	30.85	30.85	31
Cdn Util A	40¾	40¼	40¾	40.70
CT Finl Svc	54	54	54	57½
Gaz Metro	18¼	18.30	18.35	18.45
Gt-West Lifeco	37	36¼	36.90	36¼
Imasco	50½	49.85	50.15	50½
Investors Grp	43	42.75	42.80	42.95
Loblaw Cos	25.15	24.80	25.15	24.80
Natl Bk Canada	25.10	24¼	24.45	24.60
Power Corp	48¼	47½	48.05	47.60
Power Finl	47½	46½	47½	46¼
Quebecor B	27.90	27.70	27.80	27¾
Rogers Comm B	6.70	6½	6.70	6.40
Royal Bk Cda	80½	79.60	80	80.20

Oslo
OBX index: 688.38 — Previous: 691.26

	High	Low	Close	Prev.
Aker A	132.50	131	132.50	133
Bergesen Dy A	192.50	188	192.50	193
Christiania Bk	28.50	27.90	27.90	28.20
Den norske Bk	33.70	32.90	33	33.40
Elkem	97	94.50	97	97.50
Hafslund A	44.50	44.50	44.50	45
Kvaerner	387	378	381	383
Norsk Hydro	384.50	381	381.50	384
Norske Skog A	223	218.50	222	225
Nycomed Amer	186	186	186	187
Orkla A	637	630	630	635
Petm Geo Svc	475	472	475	474
Saga Petm A	138	136	136	137
Schibsted	127	125	126	127
Transocean Off	365	365	365	350
Storebrand	51	50	50.50	50.50

Paris
CAC-40: 2932.18 — Previous: 2959.40

	High	Low	Close	Prev.
Accor	1142	1103	1122	1133
AGF	328.80	326.30	328	327.30
Air Liquide	929	903	905	940
Alcatel Alsth	781	772	774	782
Axa-UAP	460	448.60	459	452
Bancaire	1070	981	1052	989
BIC	425	411	413.10	428.80
BNP	353	317.10	350	322.80
Canal Plus	1004	993	996	1000
Carrefour	3068	3000	3000	3066
Casino	337.40	330.10	334	336.80
CCF	431	407.30	429.60	417
Cetelem	899	836	886	843
Christian Dior	636	614	619	635
Credit Agricole	1130	1127	1130	1116
Danone	995	983	990	994
Dexia Fran	685	673	681	691
Elf-Aquitaine	693	680	686	697
Eridania BS	956	912	924	969
Eurodisney	7.30	7.05	7.05	7.25
Eurotunnel	6.25	6.05	6.05	6.20
France Telecom	217	214.90	217	217.30
Gen. Eaux	784	755	769	780
Havas	419.70	414	416.80	422.80
Imetal	731	712	727	714
Lafarge	388	382	383	389
Legrand	1194	1171	1183	1200
L'Oreal	2303	2235	2237	2320
LVMH	1070	1017	1028	1060
Michelin B	323	310.20	310.20	325.10
Paribas A	541	488.20	537	492.60
Pernod Ricard	323.40	320	327.70	322
Peugeot Cit	719	681	690	719
Pinault-Print	3209	3130	3144	3201
Promodes	2339	2280	2292	2350
Renault	177	170.10	170.10	178
Rexel	1840	1760	1799	1825
Rh-Poulenc A	269.80	263	266	272.80
Sanofi	596	588	590	599
Schneider	335	326	329.60	336.40
SEB	806	800	804	808
SGS Thomson	393.70	375	379.50	398.50
Ste Generale	871	843	856	846
Sodexho	3390	3301	3360	3320
St Gobain	840	806	806	838
Suez (Cie)	15.50	15.50	15.50	15.95
Suez Lyon Eaux	649	640	640	651
Synthelabo	764	740	764	760
Thomson CSF	179	171	176	175.50
Total B	627	605	623	622
Usinor	89	84.30	86	91
Valeo	430	415.50	422	415.50

São Paulo
Bovespa index: 9470.79 — Previous: 9840.87

	High	Low	Close	Prev.
Bradesco Pfd	8.80	8.66	8.70	9.04
Brahma Pfd	700.00	690.00	695.00	710.00
Cemig Pfd	48.50	46.50	47.50	49.20
CESP Pfd	68.50	66.00	66.80	70.00
Copel	12.80	12.30	12.50	12.90
Eletrobras	535.00	515.00	530.00	538.00
Itaubanco Pfd	512.00	507.00	510.00	510.01
Light Servicios	415.00	406.50	415.00	406.50
Lightpar	289.00	273.00	273.00	289.99
Petrobras Pfd	258.00	249.00	252.00	260.00
Paulista Luz	142.01	138.00	138.00	144.00
Sid Nacional	32.50	31.90	32.00	32.70
Souza Cruz	8.41	8.27	8.39	8.45
Telebras Pfd	121.00	114.80	116.80	122.50
Telemig	122.50	117.00	117.01	124.99
Telerj	109.00	101.80	101.50	112.05
Telesp Pfd	310.00	290.00	300.00	314.00
Unibanco	N.T.	N.T.	N.T.	40.00
Usiminas Pfd	6.77	6.36	6.43	6.77
CVRD Pfd	20.08	19.70	19.90	20.40

Seoul
Composite index: 399.85 — Previous: 388.88

	High	Low	Close	Prev.
Dacom	64500	60500	64500	59800
Daewoo Heavy	5460	4800	5250	5060
Hyundai Eng.	10300	9400	10300	9600
Kia Motors	6110	6110	6110	6640
Korea El Pwr	16200	14600	15600	15000
Korea Exch Bk	3950	3500	3750	3690
LG Semicon	17700	16400	17700	16400
Pohang Iron St	50000	46800	50000	46300
Samsung Display	34700	31600	33600	32200
Samsung Elec	42200	39100	42200	39100
Shinhan Bank	7380	6450	7290	6840
SK Telecom	496500	496500	496500	460000

Singapore
Straits Times: 1783.52 — Previous: 1734.22

	High	Low	Close	Prev.
Asia Pac Brew	4.58	4.46	4.46	4.60
Cerebos Pac	4.88	4.70	4.70	4.88
City Devlts	8.55	8.10	8.15	8.55
Cycle Carriage	7.25	6.95	7.25	7.25
Dairy Farm Intl*	0.88	0.87	0.88	0.87
DBS foreign	16.80	16.50	16.60	16.90
DBS Land	2.90	2.83	2.87	2.92
Fraser & Neave	9.55	9.10	9.15	9.65
HK Land*	2.18	2.10	2.10	2.16
Jard Matheson*	5.05	4.82	4.82	4.98
Jard Strategic*	2.72	2.67	2.67	2.74
Keppel A	5.40	5.35	5.35	5.50
Keppel Bank	2.95	2.89	2.90	2.95
Keppel Fels	4.66	4.54	4.54	4.70
Keppel Land	2.97	2.84	2.90	2.90
OCBC foreign	11	10.60	10.80	11
OS Union Bk F	6.85	6.55	6.60	6.85
Parkway Hdgs	4.02	3.88	3.96	4.02
Sembawang	5.35	5	5.25	5.50
Sing Air foreign	11.90	11.40	11.70	11.80
Sing Land	4.66	4.60	4.60	4.66
Sing Press F	23	22.30	22.40	22.40
Sing Tech Ind	1.76	1.68	1.75	1.70
Sing Telecomm	3.10	3.04	3.04	3.12
Tat Lee Bank	2.74	2.69	2.69	2.74
Utd Industrial	0.75	0.73	0.74	0.74
Utd OSea Bk F	11.30	10.90	11.10	11.30
Wing Tai Hdgs	2.11	2.07	2.07	2.13

*: in U.S. dollars.

Stockholm
SX 16 index: 3252.88 — Previous: 3318.35

	High	Low	Close	Prev.
AGA B	103	101.50	101.50	103
ABB A	97	93.50	93.50	97
AssiDoman	207	205	205	207
Astra A	139.50	136	136.50	139
Atlas Copco A	251	246	246.50	252.50
Autoliv	291	286	288.50	292
Electrolux B	624	610	612	628
Ericsson B	302.50	293	293.50	307
Forenings Spar	199	196	197.50	200
Hennes B	352	346.50	347	354.50
Incentive A	700	686	695	706
Investor B	377	374	375	377
MoDo B	220	208	209	219
Pharm/Upjohn	281.50	279	281.50	281.50
Sandvik B	257	250	251	251.50
Scania B	180	172.50	174	179
SCA B	178.50	175	176.50	177
S-E Banken A	94.50	91.50	94	92.50
Skandia Fors	407	402	403	409
Skanska B	326	321.50	323	327
SKF B	173	167	168	175
Stora A	102	99.50	102	100.50
Sv Handels A	300	290	300	292
Volvo B	222.50	219	220.50	220.50

Sydney
All Ordinaries: 2554.70 — Previous: 2582.80

	High	Low	Close	Prev.
Amcor	6.83	6.74	6.75	6.84
ANZ Bking	10.75	10.57	10.60	10.70
BHP	14.23	13.92	13.95	14.32
Boral	3.91	3.83	3.88	3.89
Brambles Ind.	28.70	28.25	28.55	28.45
CBA	17.12	17	17.10	17.18
CC Amatil	11.10	10.95	11.10	11.15
Coles Myer	7.43	7.30	7.31	7.40
Comalco	6.30	6.25	6.25	6.27
CSR	5.05	4.98	5.05	5.03
Fosters Brew	2.74	2.68	2.73	2.76
Goodman Fld	2.30	2.17	2.17	2.22
ICI Australia	11.09	11.01	11.03	11.10
Lend Lease	30.90	30.65	30.88	31.25
MIM Hdgs	1.17	1.01	1.04	1.18
Nat Aust Bank	20.65	20.30	20.43	20.70
Nat Mutual Hdg	2.41	2.36	2.41	2.37
News Corp	8.52	8.39	8.44	8.45
Pacific Dunlop	3.32	3.25	3.25	3.33
Pioneer Intl	4	3.93	3.95	3.98
Pub Broadcast	N.T.	N.T.	N.T.	8.75
Rio Tinto	17.77	17.55	17.60	17.79
St George Bank	8.58	8.46	8.49	8.63
WMC	5.15	5	5.09	5.08
Westpac Bking	9.44	9.30	9.34	9.43
Woodside Pet	11.18	11	11.13	11.20
Woolworths	4.75	4.65	4.72	4.69

Taipei
Stock Market index: 8503.55 — Previous: 8333.49

	High	Low	Close	Prev.
Cathay Life Ins	149.50	143.50	149.50	140
Chang Hwa Bk	95	92	93.50	91.50
Chiao Tung Bk	73.50	70	72	70
China Develpmt	96	92.50	94.50	92.50
China Steel	25.20	24.40	24.80	24.50
First Bank	95	91.50	92.50	91
Formosa Plastic	62	58	60.50	59
Hua Nan Bk	99.50	95.50	98	95.50
Intl Comm Bk	56.50	54.50	56	54
Nan Ya Plastics	58.50	56	58	56.50
Shin Kong Life	100.50	96	100.50	94
Taiwan Semi	128	125	127	126
Tatung	37.50	36.50	36.50	36.90
Utd Micro Elec	75	72.50	74	74
Utd World Chin	59.50	56.50	59.50	56

Tokyo
Nikkei 225: 16478.12 — Previous: 16686.51

	High	Low	Close	Prev.
Ajinomoto	1230	1210	1210	1210
All Nippon Air	579	571	579	573
Amway	2700	2630	2660	2670
Asahi Bank	559	538	549	555
Asahi Chem	527	518	523	525
Asahi Glass	771	745	750	766
Bk Tokyo Mitsu	1870	1830	1870	1840
Bk Yokohama	355	349	351	354
Bridgestone	3000	2870	2870	2970
Canon	3330	3300	3300	3350
Chubu Elec	2020	2000	2010	1980
Chugoku Elec	1890	1860	1890	1860
Dai Nipp Print	2530	2480	2500	2540
Daiei	614	580	580	590
Dai-Ichi Kang	1010	984	1010	980
Daiwa Bank	332	313	320	327
Daiwa House	932	881	910	942
Daiwa Sec	459	445	454	451
DDI	3470a	3340a	3370a	3430a
Denso	2550	2470	2520	2460
East Japan Ry	5850a	5780a	5850a	5870a
Eisai	1880	1850	1860	1900
Fanuc	5000	4930	4970	4990
Fuji Bank	673	635	640	670
Fuji Photo	5070	4980	5040	4930
Fujitsu	1480	1450	1460	1470
Hachijuni Bk	1060	1050	1060	1050
Hitachi	978	956	969	955
Honda Motor	4950	4830	4860	4960
IBJ	1150	1130	1140	1150
IHI	259	242	250	258
Itochu	278	263	269	279
Ito-Yokado	6130	5950	6060	6100
JAL	380	377	380	375
Japan Tobacco	9610a	9480a	9520a	9550a
Jusco	2100	2050	2070	2110
Kajima	438	430	432	434
Kansai Elec	2130	2100	2100	2100
Kao	1790	1720	1750	1780
Kawasaki Hvy	270	262	270	262
Kawa Steel	190	180	180	188
Kinki Nipp Ry	699	692	692	699
Kirin Brewery	982	950	982	981
Kobe Steel	111	105	108	109
Komatsu	765	760	760	765
Kubota	435	416	420	430
Kyocera	6090	6020	6040	6170
Kyushu Elec	1900	1880	1900	1870
LTCB	271	250	260	231
Marubeni	270	257	263	266
Marui	2060	1980	2050	1980
Matsu Comm	3870	3740	3820	3860
Matsu Elec Ind	1960	1920	1940	1940
Matsu Elec Wk	1020	1000	1020	1020
Mitsubishi	1040	1010	1030	1040
Mitsubishi Ch	222	200	203	220
Mitsubishi El	352	330	340	337
Mitsubishi Est	1630	1590	1600	1640
Mitsubishi Hvy	507	499	505	519
Mitsubishi Mat	418	411	414	411
Mitsubishi Tr	1600	1530	1600	1570
Mitsui	880	860	870	871
Mitsui Fudosan	1390	1350	1370	1390
Mitsui Trust	261	242	248	257
Murata Mfg	3850	3770	3770	3820
NEC	1400	1380	1400	1400
Nikon	1500	1420	1450	1510
Nikko Sec	431	416	427	428
Nintendo	13500	13200	13500	13200
Nipp Express	636	620	636	624
Nippon Oil	402	394	400	411
Nippon Steel	209	202	203	205
Nissan Motor	509	503	504	506
NKK	122	115	116	122
Nomura Sec	1650	1630	1650	1640
NTT	1120b	1100b	1120b	1110b
NTT Data	6950b	6850b	6890b	6990b
Oji Paper	534	505	516	504
Osaka Gas	296	289	295	295
Ricoh	1700	1670	1690	1680
Rohm	13400	13400	13400	13600
Sakura Bk	453	437	450	445
Sankyo	3090	3020	3020	3090
Sanwa Bank	1460	1420	1440	1440
Sanyo Elec	372	363	369	359
Secom	7990	7840	7990	7990
Seibu Rwy	5990	5900	5900	5990
Sekisui Chem	832	790	792	832
Sekisui House	890	850	854	880
Seven-Eleven	9230	9040	9090	9190
Sharp	847	810	811	860
Shikoku El Pwr	1890	1860	1890	1860
Shimizu	418	401	405	410
Shin-etsu Ch	3120	3050	3060	3140
Shiseido	1830	1800	1810	1800
Shizuoka Bk	1270	1240	1260	1270
Softbank	2800	2720	2740	2790
Sony	12100	11800	12000	12200
Sumitomo	832	790	790	828
Sumitomo Bk	1590	1540	1560	1580
Sumit Chem	379	361	364	378
Sumitomo Elec	1750	1740	1750	1740
Sumit Metal	229	225	227	239
Sumit Trust	815	770	786	810
Taisho Pharm	3290	3200	3240	3290
Takeda Chem	3780	3740	3750	3780
TDK	11200	10700	11100	10900
Tohoku El Pwr	1920	1900	1920	1900
Tokai Bank	693	654	669	683
Tokio Marine	1160	1140	1150	1150
Tokyo El Pwr	2290	2270	2290	2250
Tokyo Electron	5880	5670	5700	5740
Tokyo Gas	300	293	297	297
Tokyu Corp.	524	511	519	523
Tonen	930	895	904	930
Toppan Print	1720	1680	1690	1730
Toray Ind	595	571	580	595
Toshiba	530	520	525	536
Tostem	1250	1210	1250	1220
Toyo Trust	816	800	812	813
Toyota Motor	3740	3680	3720	3720
Yamanouchi	3140	3060	3090	3180

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6737.80 — Previous: 6744.99

	High	Low	Close	Prev.
Abitibi Cons.	20.20	19.40	19.55	20.20
Alberta Energy	29¼	28.55	28.55	28.60
Alcan Alum	41.20	40.15	40.45	40.45
Anderson Expl	13.85	13.60	13.70	13.70
Bk Montreal	67.40	66.65	66¾	67.10
Bk Nova Scotia	69.30	68.10	68.60	68¼
Barrick Gold	23	21.90	22.80	21.70
BCE	47¼	47.10	47.35	47.35
BC Telecomm	44	42	44	42½
Biochem Pharm	39.40	38.70	38.95	39.45
Bombardier B	29½	28.90	29	29.35
Cameco	51	50	50.20	50½
CIBC	47.20	46.35	46.40	46.70
Cdn Natl Rail	73¼	72.60	72.60	73½
Cdn Nat Res	33.10	31½	31¾	32½
Cdn Occid Pet	34.35	33.80	34	34.10
Cdn Pacific	41.45	40.90	41	41.35
Cominco	21¼	20	20¼	21¾
Dofasco	22.40	22.15	22.20	22.35
Domtar	10.45	10.30	10.35	10.40
Donohue A	25¼	25	25.10	25.15
Du Pont Cda A	35½	34½	35½	35
EdperBrascan	26.30	26	26.10	26.20
Euro-Nev Mng	14.40	14	14.15	13.85
Fairfax Finl	335	330	330	332
Falconbridge	17½	17¼	17½	17½
Fletcher Chall A	19.85	19¼	19.85	19.90
Franco Nevada	25.40	24¼	24.80	23.85
Gulf Cda Res	11.30	10.70	10¼	11.30
Imperial Oil	87	85.80	86.35	86.90
Inco	26.60	26¼	26.35	26.45
IPL Energy	62.95	62¼	62¼	62½
Laidlaw B	19.15	19	19.10	19.15
Loewen Group	34.80	34.30	34.65	34.80
Macmill Bldl	15.10	14.90	15	15.20
Magna Intl A	94¼	93½	93½	94.30
Methanex	12.05	11.80	11.85	12.20
Moore	22¼	21.60	21.65	22.40
Newbridge Net	56	51.10	51½	56.20
Noranda Inc	25.35	25.05	25.05	25.30
Norcen Energy	17.35	17	17	17.45
Nthern Telecom	137.05	132½	133½	137.20
Nova	13.85	13.40	13¾	13.45
Onex	30	29.80	29.80	30
Pancdn Petlm	24	23.55	23.65	23.85
Petro Cda	27.70	27.10	27.30	27.15
Placer Dome	16.15	15.40	15.90	15
Poco Petlm	11.70	11.40	11½	11½
Potash Sask	118¾	116½	117½	117.15
Renaissance	30.15	29¼	29.80	30.05
Rio Algom	26¾	26.10	26.10	26.70
Rogers Cantel B	13½	13	13¼	13.10
Seagram Co	45.60	45¼	45.55	45.60
Shell Cda A	27¾	27.05	27.70	27.55
Suncor	48.90	47.90	48.10	48
Talisman Eny	46½	45¼	45½	45¼
Teck B	19¼	18.55	19	18¾
Teleglobe	46.10	45.15	45½	45¾
Telus	33.40	33	33.15	33.10
Thomson	38¼	37.35	37.65	38.20
TorDom Bank	55	54.40	54½	54.70
Transalta	20.85	20.65	20¾	21
TransCda Pipe	31.05	30.80	30.90	30.95
Trimark Finl	68	65	65¼	68¼
Trizec Hahn	35.20	34.90	35	35.05
TVX Gold	4.05	3.65	4	3.40
Westcoast Eny	33.30	33.15	33.20	33¼
Weston	116	112½	113	114.05

Vienna
ATX index: 1305.84 — Previous: 1323.80

	High	Low	Close	Prev.
Boehler-Uddeh	845	820	828	845
Creditanst Pfd	620	611.50	615.10	620
EA-Generali	3260	3180	3180	3260
EVN	1665.25	1625	1634	1635
Flughafen Wien	510	507	509	511
OMV	1796.50	1760	1760	1800
Oest Elektriz	1012.50	1005	1008.05	1010
VA Stahl	525	498	498	526.50
VA Tech	2135	2066	2080	2095
Wienerberg Bau	2520	2466	2470	2507

Wellington
NZSE-40 index: 2396.12 — Previous: 2418.08

	High	Low	Close	Prev.
Air N Zeald B	3.38	3.35	3.38	3.37
Brierly Invt	1.25	1.23	1.23	1.25
Carter Holt ord	2.69	2.63	2.66	2.65
Fletch Ch Bldg	4.60	4.52	4.52	4.58
Fletch Ch Eny	6.58	6.40	6.45	6.60
Fletch Ch Forst	1.58	1.55	1.55	1.55
Fletch Ch Paper	2.30	2.27	2.30	2.30
Lion Nathan	3.90	3.88	3.88	3.92
Telecom NZ	8.83	8.78	8.80	8.87
Wilson Horton	10.45	10.45	10.45	10.40

Zurich
SPI index: 3776.83 — Previous: 3803.55

	High	Low	Close	Prev.
ABB B	1935	1854	1859	1941
Adecco B	415	391	394	415.50
Alusuisse R	1359	1332	1344	1352
Ares-Serono B	2515	2446	2450	2470
Atel R	820	800	800	820
Baer Hdg B	2605	2550	2575	2530
Baloise Hdg R	2775	2680	2691	2745
BK Vision	1462	1443	1462	1458
Ciba Spec Chem	179	166.75	170	172
Clariant R	1213	1186	1199	1170
Cnt Suisse Gp R	226.75	224	226.50	226
Elektrowatt B	550	549	549	550
Ems-Chemie	7060	6950	6975	7000
ESEC Hdg	3850	3750	3770	3840
Holderbank B	1255	1192	1200	1265
Liechtenst LB B	564	561	564	564
Nestle R	2124	2092	2092	2105
Novartis R	2345	2305	2315	2336
Oerlikn Buehl R	203	199	201.75	200
Pargesa Hld B	1800	1780	1780	1800
PharmVisn B	857	848	854	858
Richemont A	1605	1565	1573	1595
Pirelli PC	310	307	310	310
Roche Hdg PC	13300	13040	13100	13300
SBC R	474.50	467.50	469.50	475.50
Schindler PC	1672	1650	1670	1675
SGS B	2702	2650	2695	2695
SMH B	845	829	838	847
Sulzer R	936	914	928	935
Swiss Reins R	2530	2436	2480	2417
SAir Group R	1975	1921	1921	1988
UBS B	2192	2166	2176	2196
Winterthur R	1639	1590	1570	1600
Zurich Assur R	637	630	633	639

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	172.27	−1.80	−1.03	+15.50
Regional Indexes				
Asia/Pacific	100.33	−0.79	−0.78	−18.72
Europe	190.94	−1.57	−0.82	+18.45
N. America	216.88	−2.36	−1.08	+33.90
S. America	145.29	−4.41	−2.95	+26.97
Industrial Indexes				
Capital goods	212.46	−4.37	−2.02	+24.30
Consumer goods	206.42	−0.81	−0.39	+27.87
Energy	195.70	−1.10	−0.56	+14.64
Finance	124.33	−1.13	−0.90	+6.76
Miscellaneous	154.03	−3.88	−2.46	−4.78
Raw Materials	169.09	−3.21	−1.86	−3.59
Service	171.36	−2.08	−1.20	+24.79
Utilities	162.83	−1.10	−0.67	+13.50

The International Herald Tribune World Stock Index © tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

NASDAQ

Wednesday's 4 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press.

NYSE

Wednesday's 4 P.M. Close

(Continued)

هكذا من الأصل

Sick Leave Raises Issue Of Suharto Succession

Bloomberg News

JAKARTA — The daily newspaper Kompas carried a beaming file photograph Wednesday of President Suharto, the 76-year-old leader of Indonesia, under the banner headline, "President smiles at rumors of his demise."

That apparent lack of concern about the effect of rumors about the president's health has many people in the world's fourth most populous country gritting their teeth, considering that whispers about a presidential illness sent the rupiah plunging more than 10 percent to a record low Tuesday, four days after Mr. Suharto's advisers said he was tired and would be taking a 10-day rest.

The currency continued its decline Wednesday, despite efforts by the central bank to support the rupiah, with the dollar rising to 4,495 rupiah from 4,175 rupiah Tuesday.

With Indonesia's economic slowing to a crawl, inflation edging up and the rupiah down 52 percent so far this year, the absence of a likely successor to Mr. Suharto has become glaring.

"This was a useful wake-up call to the markets that political stability in Indonesia rests to an uncomfortable degree on the old and increasingly frail shoulders of one man," Independent Economic Analysis (Holdings) Pte. said in a report.

Mr. Suharto has for more than 30 years been the unchallenged ruler of Indonesia. Since he replaced Sukarno to become the independent country's second president, he has ruled it like a fiefdom. His children dominate the economy, running businesses involved in everything from roads to banks.

Beawiharta/Reuters

Mr. Suharto voting in May.

As Harmoko, one of Mr. Suharto's longest-serving aides and the head of his political organization Golkar, said in October, "There is no other figure, and there is no other leader."

Mr. Suharto's rest break comes when Indonesia is in dire need of strong leadership to stave off a possible economic collapse. High interest rates — the benchmark three-month interbank rate has averaged 27 percent since August, up from 14 percent before — are slowing growth, and businesses complain that they are being pushed to the brink.

"Why take a 10-day rest," asked Bruce Gale, who analyzes Indonesian politics for Political & Economic Risk Consultancy Pte. in Singapore, "when so many tough decisions have to be made? The timing wouldn't seem to allow for this. It raises questions of his ability to go on."

Mr. Suharto's decision to attend a meeting of Association of South East Asian Nations leaders in Kuala Lumpur next week marginally eased some of the concerns about his health.

"If something was to happen to him," said Kanika Singh, regional economist at Independent Economic Analysis, "who would take over? Will they carry on reforms? These are the questions nobody can answer."

Comeback for Shanghai Clubs

Fine Dining and '30s-Style Glamour for Expatriates

Agence France-Presse

SHANGHAI — The glamour and style that epitomized the life of foreigners and rich Chinese in old Shanghai is making a comeback with the opening of clubs catering to the burgeoning foreign business community.

Shanghai has opened a yacht club, a tennis club and several golf clubs in the last three years. The first club dedicated to fine dining opened Wednesday on top of a new building with a view of the Bund, the city's traditional financial center.

The Shanghai American Club, with a membership of 400, boasts of being the first restaurant in Shanghai to offer grain-fed beef and a list of 200 wines.

"We decided to set up the club because many expatriates in Hong Kong said they were moving to Shanghai," said Michael Ho, executive director of American Clubs International, which manages the Shanghai club and another in Jakarta.

"We came here in 1994 and talked to a lot of people," he said. "There were a lot of expatriates but no club facilities. There was a yearning for a place of their own where they can feel comfortable."

Clubs were the backbone of expatriates' social life in Shanghai before the Communist victory in 1949. In 1939, there were 200 of them, mostly organized along national lines.

The clubs were developed to allow members to socialize with one another to the exclusion of Chinese, said Tess Johnston, an American historian and writer who has lived in Shanghai since 1981.

"One of the main ideas of clubs then was exclusivity," she said.

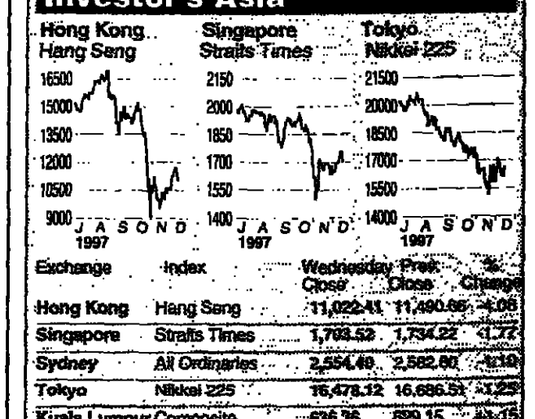
The new clubs will not be limited to people of certain nationalities, but being profit-oriented they will exclude the less well-off, which means that most Chinese will be unable to join.

An American developer is completing negotiations for the top three floors of the building on the Bund that once housed Hong Kong & Shanghai Banking Corp. The American-style club that is planned will move into the former premises of the old British Royal Air Force Club. Elsewhere, a Hong Kong group has spent $20 million on G's Club in a bid to bring back the splendor and opulence of the 1930s. The clubhouse, with its marble columns and high ornate ceilings, is expected to open next spring.

Many other companies, including Corporate Clubs of America, are considering projects, said Michael Cayley, the marketing director of Shanghai Links Golf and Country Club Ltd.

There are 40,000 expatriates in Shanghai, of which 10,000 are potential club members, according to a Shanghai Links survey. The Shanghai Links Golf and Country Club, part of a $500 million housing project, has sold 400 memberships and will open in phases starting in May.

Investor's Asia



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	11,022.41	11,490.66	-4.08
Singapore	Straits Times	1,703.52	1,734.22	-1.77
Sydney	All Ordinaries	2,554.40	2,582.60	-1.10
Tokyo	Nikkei 225	16,478.12	16,686.51	-1.25
Kuala Lumpur	Composite	636.36	629.15	+1.15
Bangkok	SET	Closed	390.67	
Seoul	Composite Index	399.85	388.00	+3.05
Taipei	Stock Market Index	8,503.55	8,333.49	+2.04
Manila	PSE	1,972.84	1,979.59	-0.34
Jakarta	Composite Index	415.94	425.50	-2.25
Wellington	NZSE-40	2,396.12	2,410.08	-0.58
Bombay	Sensitive Index	3,347.33	3,391.59	-1.30

Source: Telekurs International Herald Tribune

- **The World Bank** approved a $250 million loan for Pakistan to underwrite massive reforms in its ailing banking sector that were undertaken early this year to counter bad debts and political interference.
- **American International Group Inc.'s** Japanese subsidiaries said that they would hire about 800 people from Yamaichi Securities Co., adding to the job offers that have been pouring into the collapsed brokerage. Since it announced its closure Nov. 24, Yamaichi's 11,000 employees have received 16,000 offers from more than 1,300 companies, Yamaichi officials said.
- **Vietnam's** National Assembly has adopted a state bank law that formalizes the role of the central bank and aims to stabilize the nations' troubled financial sector. The law will go into effect Oct. 1.
- **Malaysia's** central bank governor, Ahmad Mohd Don, assured depositors that their deposits and interest in all banking institutions will be protected even if some banks have to shut down, the national press agency Bernama reported. "The interest of depositors will be protected," the agency quoted him as saying.
- **Asia's** demand for personal computers is likely to slow in 1998 as consumer and government spending in Southeast Asia is crimped by the region's currency crisis, said the research firm **International Data Corp.** It predicts sales rising 16 percent during the year, down from its previous estimate for growth of 21 percent.
- **PT Trans-Pacific Petrochemical Indotama**, which is building a $2.5 billion petrochemical complex on the Indonesian island of Java, said it was forced to delay financing plans for the project due to the recent wave of regional currency devaluations. Trans-Pacific is owned by a group of companies that includes **Nissho Iwai Corp.** and **Itochu Corp.** of Japan, Thailand's **Siam Cement PLC** and Indonesia's **PT Tirtamas Majutama**.
- **The Philippine Senate** began deliberations on the country's 1998 budget by proposing cuts of 1.7 percent from the administration's 540.8 billion peso ($15.43 billion) proposal because of the effects of the regional currency crisis. The proposed budget, already approved by the lower house, was 12 percent higher than its 1997 level. *Bloomberg, AP*

China Firm Seeks NatWest Units

Bloomberg News

HONG KONG — Countering the trend among foreign investment banks in Asia of shedding businesses and staff in the face of crumbling markets, China Everbright Holdings Co., an investment arm of the Chinese government, said Wednesday it was negotiating to buy the Asian securities business of National Westminster Bank PLC.

China Everbright Securities (Hong Kong) Ltd. wants to acquire parts of NatWest Markets' equity sales, research, corporate finance and settlement departments, which employ 80 workers, people at China Everbright said. NatWest declined to confirm any talks with China Everbright Securities.

National Westminster's retreat from investment banking comes amid a consolidation in the industry. Another top London bank, Barclays PLC, put its global investment banking unit up for sale this year.

But at the same time, banks backed by Beijing are expanding, with the Bank of China reshuffling its securities arm and Ka Wah Bank negotiating to buy control of Jardine Fleming Bank.

NatWest sold its European equities business to Bankers Trust New York Corp. for £129 million ($212.3 million) and its U.S. and Asian derivatives units to Deutsche Morgan Grenfell for £50 million this month.

NatWest is now negotiating with several potential buyers to sell its Asian businesses, Neroli Hills-Perry, a spokeswoman, said.

Buying NatWest would increase China Everbright's hopes of expanding its regional trading and underwriting capabilities and broaden its institutional client base.

Chinese Collective to List on NYSE

Agence France-Presse

BEIJING — Enwei Group, a company specializing in Chinese traditional medicine, will seek to list shares on the New York Stock Exchange next year, making it the first Chinese collective enterprise to list on Wall Street, the Xinhua news agency reported Wednesday.

Provincial authorities in the southwestern province of Sichuan authorized the listing of Enwei's shares. Collective enterprises are owned by a local collective. They are different from state-owned enterprises, which are controlled directly by the central government in Beijing.

Enwei Group, based in Sichuan's capital of Chengdu, specializes in traditional Chinese medicine. The company employs 20,000 workers and has annual sales of 10 billion yuan ($1.2 billion).

The listing of its shares on Wall Street would help the company finance its development in international markets, particularly in Brazil, India, Indonesia, Germany, South Africa and Vietnam, according to Xinhua. Chinese companies are allowed to list their shares in Australia, Britain, Hong Kong, Japan, Singapore and the United States. But the majority are listed only in Hong Kong.

Toyota's Hybrid Car Arrives

Bloomberg News

TOKYO — Toyota Motor Corp. started rolling its first hybrid car off assembly lines Wednesday, a company spokeswoman said.

The Prius, based on the Corolla sedan, is powered by both gasoline and electricity. Toyota says the hybrid gets double the gas mileage of a standard Corolla while emitting half the carbon dioxide, a gas thought to cause global warming.

Nikkei English News reported that deliveries to showrooms were behind schedule because Toyota had received orders for as many as 3,000 of the vehicles, three times the company's monthly sales goal.

Customers have to wait until the end of the month for delivery, the report said.

Toyota predicts hybrid autos will account for as much as 20 percent of the world market in two decades.

BOSNIA: *Unsolved Disputes Prevent Economic Reconstruction*

Continued from Page 13

We may have a problem integrating the two halves."

Unemployment is 50 percent to 60 percent in the federation and higher in the Republika Srpska. Industrial production is still only 15 percent of its prewar figure, and many people still live from soup kitchens.

Besides a few score shops in the center of Sarajevo and a handful of newly refurbished hotels, the bulk of the city still carries the scars of potholed roads and shell-holed apartment blocks with windows covered in plastic sheeting. The cafés are filled, but often with idle youths carefully nursing a single coffee, beer or plum brandy.

Beyond Sarajevo, most areas survive on little more than market gardens, savings and remittances from relatives working abroad.

For the employed, salaries average 260 Deutsche marks ($145) a month, and the country is so poor that customs duties and value added tax, not income tax, are the government's main revenue sources.

While peace and democracy are inching forward, the political resurrection of Bosnia could take 10 years, and foreign aid, the biggest source of investment, will run out much sooner. Only a self-sustaining economy can lead Bosnia to prosperity.

But that means changing the way Bosnia does business. The large industrial combines that dominated its economy before the war have little future today.

"While they have been at war," said Rory O'Sullivan, resident representative of the World Bank, "Eastern Europe was improving the quality of its products, its marketing and its relationship with the West, and they've taken Yugoslavia's markets. Yugoslavia will have a tough time taking these markets back."

Miss Hargitai added, "It's micro business and small and medium enterprises that will save this country."

Bank loans are expensive and cash is scarce in Bosnia, so local entrepreneurs are beginning to look to venture capital funds such as the one the European Bank for Reconstruction and Development has launched with private Austrian investors. A similar U.S. government fund has already created about 12,000 jobs by lending to small business, mainly start-up companies, and calculates that it is creating about 1,500 jobs a month.

Not everyone is waiting for help, however.

Mirsad Delimustafic and his brothers own the BH Banka and Cenex, a trading and food-processing conglomerate that grew handily under Communist rule thanks to the brothers' commercial talent and political connections. The company survived the war, when one brother was the Bosnian interior minister, and now it runs a renovated luxury hotel in Sarajevo and is expanding into mobile phones and trucking.

Mr. Delimustafic sees great opportunities for light manufacturing with foreign partners.

"We have the remains of an industrial base and a Western European quality work force that is five or 10 times cheaper than Western Europe," he said.

Meho Sabic is less sanguine. He lost a hair salon when part of Sarajevo's Holiday Inn hotel was bombed. Another kept operating in the city center, with 12 tons of sandbags protecting customers from mortar shells.

Today he has opened two more salons, and business is thriving. But, he said, the federation government does little to support small business.

"Taxes are terrible; it's just too much to bear sometimes," he said, although some relief came when taxes were cut from 140 percent of an employee's wage to 86 percent. And the cash-hungry government, which sits across the street from his salon, is ruthless in its collection.

"Every Friday, my accountant has to go the tax office and pay tax on the week's revenue," Mr. Sabic said.

At least in the federation, there is activity. In the Republika Srpska, much of the rich farmland lies idle, cut off from traditional markets in Croatia and the Muslim-Croatian Federation.

Children walk three hours to classes along mountain roads, and what is left of the economy has been paralyzed by a feud between the wartime leader Radovan Karadzic and President Biljana Plavsic.

Mrs. Plavsic's economics adviser, Rajko Tomas, says the jumble of Communist, war-era and small free-market systems operating together makes it almost impossible to stabilize, let alone rebuild, Srpska's economy.

Customs rules and a common market with the federation do not exist. Still a political pariah, the Republika Srpska attracts little investment, and Serbia is too far away and too impoverished to provide a market.

■ How are travel companies using the Web to expand their business?

■ How are smart cards changing travel?

Don't miss the fourth in a series of sponsored pages in the IHT on electronic business. Learn the ins and outs of on-line transactions.

December 16

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The undersigned announces that as from December 18, 1997 at Kas-Associatie N.V., Amsterdam, div. cpn. no. 51 (accompanied by an "Affidavit") of the CDR's Hitachi Ltd. will be payable with Dfls. 35.79 per CDR repr. 500 shs. and with Dfls. 71.58 per CDR repr. 1.000 shs. (div. per rec-date 30.09.97, gross Yen 5.5 p. sh.) after deduction of 15% Japanese tax = Yen 412.50 = Dfls. 6.35 per CDR repr. 500 shs., Yen 825.– = Dfls. 12.70 per CDR repr. 1.000 shs., Without and Affidavit 20% Japanese tax = Yen 550.– = Dfls. 8.47 per CDR repr. 500 shs., Yen 1.100.– = Dfls. 16.93 per CDR repr. 1.000 shs., will be deducted. After 31.03.1998 the dividend will only be paid under deduction of 20% Jap. tax with Dfls. 33.67: Dfls. 6234 resp. 500 and 1.000 shs., in accordance with the Japanese tax regulations.

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Amsterdam, December 8, 1997

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ZONE II - I :
GO: 1,04 SCSP: 1,43
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SC97: 33,06 SCSP: 31,16

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هكذا من الأصل

CAREERS IN EUROPE: CHOICES & CHALLENGES

HIGHER EDUCATION AND NEW TECHNOLOGY: PUTTING EUROPE BACK TO WORK

Europe needs flexible labor laws and targeted training to create jobs.

The overall job statistics paint a bleak picture for the European Union, where the average unemployment rate is 10.6 percent. That means 18 million people are out of work in the 15 member countries.

This gloomy tableau is illuminated by a few rays of light, however. OECD figures for September 1997 show drops in unemployment rates for Belgium (to 9.5 percent), Denmark (5.8 percent), Ireland (10 percent), Luxembourg (3.7 percent) and Portugal (6.1 percent). Although Spain's rate was a horrendous 19.9 percent in September, the country created 350,000 new jobs (out of a total of 590,000 for all of Europe) last year, and a similar increase is expected for this year, although this will still leave the country with an unacceptably high jobless rate.

Unemployment in the Netherlands has fallen from 12 percent in the mid-1980s to 5.4 percent today.

Britain's "third way," somewhere in between a free-for-all market and government regulation (what Prime Minister Tony Blair calls "compassion with a hard edge"), has led to a reduction in unemployment by one-half since the early 1990s, to 7.2 percent in September.

On the other end of the spectrum, France has pledged to reduce the maximum legal workweek to 35 hours by 2000 to lower its 12.5 percent unemployment rate, and Italy (12.1 percent) has taken a similar step. But these moves have isolated Paris and Rome from the rest of the 15-member European Union.

The search for solutions

What is the EU doing about the jobs problem? The European Council's extraordinary meeting on employment in Luxembourg on Nov. 20-21 came up with guidelines rather than concrete actions and made it clear that, generally speaking, the EU is pinning its hopes on monetary union, which is expected to strengthen national economies and create growth, with a resulting increase in jobs.

In its report, the Council urges member states to "pursue a policy of growth geared to stability, sound public finances, pay restraint and structural reform" to create a sound macroeconomic context. More specifically, it supports the European Investment Bank's action plan to come up with 10 billion ECUs ($9 billion) to invest in small and medium-sized enterprises (SMEs), new technology, new sectors and trans-European networks (this program is expected to generate a total investment volume of 30 billion ECUs); and the creation of a new budget heading for assistance to SMEs and to create sustainable jobs. Over the next three years, 450 million ECUs will be allocated to this "European Employment Initiative."

In addition, the Council recommends EU-wide "employment guidelines" with four main lines of action: improving employability, developing entrepreneurship, encouraging adaptability in businesses and their employees to enable the labor market to react to economic changes, and strengthening equal opportunity policy. The specific targets of the guidelines are to be monitored to assess results in each country, although no sanctions have been provided for in case of failure.

Betting on high-tech SMEs

The report notes that the European Investment Bank's Action Program has already set up the European Technology Facility, with funding of 125 million ECUs and a potential risk capital pool of more than 800 million ECUs, to provide venture capital to SMEs in the high-tech sector, an area with high potential for job creation in the near future.

"Software and computer services have occupied the top positions for employment creation in Europe," says a 1997 European Commission report, "The Social and Labor Market Dimension of the Information Society." "Most of these new jobs are created in SMEs." It points to the shortage of skilled labor in the European ICT (information and communication technologies) industry and calls for assistance to SMEs in the sector.

Says Steven Garcia, a Vienna-based computer systems expert: "The strong demand for ICT personnel stems from the growing dissemination of EDI (Electronic Data Interchange) systems throughout enterprises."

The result is "a growing shortage of ICT personnel in Germany and in many other parts of Europe," according to the Germany-based personnel consultancy Kienbaum. The shortage has had a corresponding effect on salaries in the sector, which are rising at above-average rates, reports Kienbaum.

Other sectors that will be receiving investment aid from the European Investment Bank with the goal of creating jobs are health and education, urban and environmental projects, and the trans-European network and related infrastructure.

Flexibility: the key

Perhaps the most important recommendations to come out of the Council's meeting concern the new flexibility that will be required to create jobs in the EU. Entrepreneurship, it says, should be encouraged by reducing the overhead and administrative costs of doing business and encouraging self-employment by reforming tax and social security regulations.

The report points out that taxes and charges on labor have increased from 35 percent in 1980 to more than 42 percent in 1995 and calls on members to gradually reduce the overall tax burden as well as specific labor costs and to consider the possible reduction of value-added tax on certain services. More flexible working arrangements, like those practiced in the Netherlands and Britain, are recommended through such measures as the reduction of working hours and overtime, and the development of part-time jobs, lifelong training and career breaks, as well as more adaptable contracts.

The Dutch model

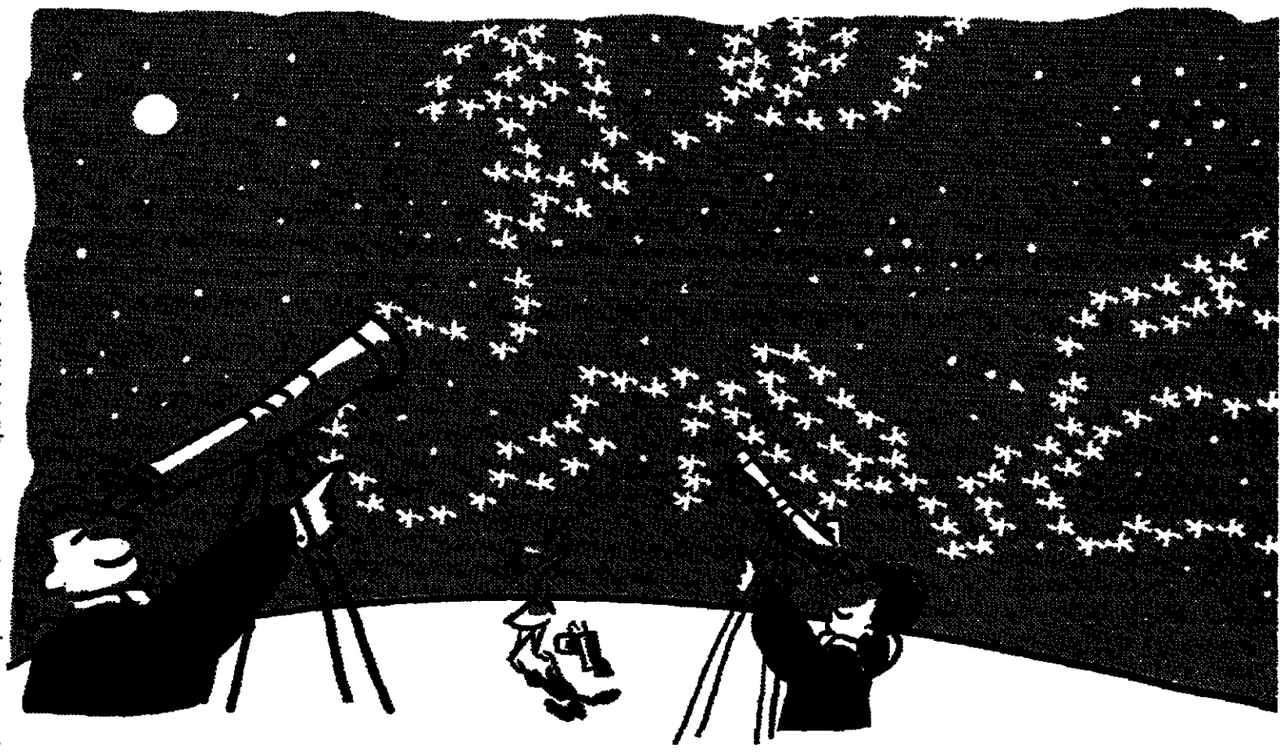
The Dutch methods of choice have been job-splitting and "flex-schedules." This combination is popular with the country's workforce, as it allows employees to have more leisure time and to schedule their work around the needs of their private lives. Some 37 percent of all gainfully employed people in the Netherlands work on a part-time basis while still receiving benefits. In Germany, 17 percent of workers have part-time jobs and in France only 11 percent. The Netherlands' national budget deficit has fallen to 2.5 percent of GDP, one of the lowest in the European Union, while the country enjoys one of the Union's highest rates of economic growth.

Behind both trends is the Dutch reform of the pension system. Rather than linking pensions to the salary earned at the pensioner's last position, the practice in Germany and France, Dutch law provides that all pensioners receive a guaranteed minimum income, with a net effect of reducing the amount of money companies pay into pension funds. This reduction has brought the Netherlands's unit production costs to 80 percent of those in Germany. In addition, the older or larger the company, the more it pays into its pension fund, which explains why small companies traditionally constitute the net job creators.

Good advice

In this era of high unemployment in Europe, one piece of traditional parental advice continues to hold true:

Continued on page 22



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CAREERS IN EUROPE: CHOICES & CHALLENGES

NEW REALITIES AND NEW CORPORATE ROLE MODELS

Forget single-minded devotion to the bottom line. Today's firms want socially efficient managers.

Martina Wehner, recruitment manager at Audi, defines a socially efficient manager as "one capable of working well with people from a large number of countries and cultural backgrounds, with widely varying occupational qualifications and mind sets. And one capable of using these interpersonal skills in making sure that corporate objectives are implemented smoothly and without causing unnecessary impediments."

This new breed of manager — now sought after by the world's leading companies — offers a major shift from the model of the go-it-alone, cold-eyed executive who did not shrink from any measure, however unpopular, to maximize the bottom line.

Information explosion

"The early-1990s role model simply did not address the new structural realities of today's companies and today's world," says Clemens Braunsburger, head of management development at BMW. "The paradigm of the manager able, in splendid isolation, to process a mass of data into a brilliant strategy and to then see to its implementation through a series of clear commands and monitoring measures is no longer entirely relevant.

"The amount of knowledge is exploding and is subdividing into ever-more discrete areas of specialization. The time available to accomplish objectives is getting shorter and shorter, with the objectives themselves growing more and more multifaceted. These trends mandate that the manager be a networker, rather than a commander, a person constructing and operating teams comprised of specialists outfitted with a large degree of individual responsibility and decision-making power.

"Doing such requires, obviously, the ability to get along with people and a feeling for interpersonal relationships, in addition to a manager's classical proficiencies," Mr. Braunsburger concludes.

A working knowledge of advanced information and communication technologies (ICT) is also essential.

"A manager should be in the position to know what these systems are capable of and how to make them work for him or her. We call such people, who are able to straddle the frontier between business proper and information technologies, 'boundary spanners'," says Leendert van Bachaven, chief operating officer of the Netherlands-based Baan Institute.

Intercultural sensibilities

Says Waldemar Kleinert, manager of central human resources planning and coordination at Adam Opel AG, the Europe-based subsidiary of GM: "Comprised in the idea of social efficiency is also a sense for political realities prevailing in the manager's area of operation, and for the complexity of customer and personnel behavior."

Falko Leonhardt, Lufthansa's head of career opportunities, recruitment and development, puts it this way: "Social intelligence is an absolute prerequisite to working at Lufthansa, a company whose daily métier is, after all, serving a huge diversity of customers. And we've found the key to social intelligence to be open-mindedness, plain and simple."

FINDING THE RIGHT BALANCE BETWEEN SOCIAL AND ECONOMIC EFFICIENCY.

International careers

The preference for socially intelligent managers is also being stoked by the "external internationalizing of many large corporations and its internal consequences," says Ms. Wehner.

"It seems to be a very clear correlation: The more companies do outside their national markets, the earlier they strive to impart intercultural sensibilities to their managers," she adds.

An internal internationalization process is also being undertaken by companies active on a global scale.

"In the past, most international careers normally began at the national level: you got a job in your country and then waited to see what opportunities to go abroad would turn up. Today, we at Opel are taking a different approach, one in which internationalism is built into our new personnel's careers from the very beginning," Mr. Kleinert says.

Recruing strategies

One example of how Opel has achieved this is provided by its European brand team, which consciously decided to have a broad spread of nationalities (nearly 20 at latest count) and a cross-cultural focus.

How do companies evaluate whether or not a business school graduate, otherwise highly qualified, is also socially intelligent?

"Good grades are essential, as they detail the willingness to work hard, and that's also a precondition for social intelligence, which is often about working your way into foreign cultures and new operating situations," says Ms. Wehner. "Plus a lot emerges through face-to-face contact in the interviewing phase."

Says Mr. Braunsburger: "No applicant comes without having already compiled a written record — term papers, theses and the like. These make for instructive reading, but perhaps the best way to get to know applicants is to see them in operation in daily business life, something we achieve through our internship program."

Terry Swartzberg

BANKING ON THE EURO

Economic and monetary union will create jobs in the financial sector.

European monetary union and the single currency are bound to bring many changes to financial services such as banking, insurance and securities trading. As a result, the job outlook for managers in these sectors will also be significantly affected.

Some traditional financial activities, such as foreign exchange (forex) dealing, will become less important. Others, including prospects for securities analysts, look set to grow. In the short term, financial sector demand for information technology (IT) specialists to handle the transition to the single currency is already increasing.

Demand for specialists

"Beginning in 1999, there will be no further need for currency exchange or hedging activities between euro zone member states," says Jean-François Colin, deputy director of the Bank National de Paris's domestic branch network with special responsibilities for handling euro-related questions.

"On the other hand, there is every chance that the euro will become a major international currency with high visibility on international markets, and this will provide new activities for dealers," he adds. "Jobs will also be affected in areas such as securities trading. Since the exchange risk will disappear, it will become much easier to place equity investments in different countries within the euro area."

This will lead to an opening up of the securities investments markets and increasing demand for specialists like securities analysts and traders.

Removing constraints

"Asset management in France is conducted almost entirely by French institutions, with a substantial concentration on franc-denominated instruments," explains Bernard Niyollet, partner with Ernst & Young in Paris.

"The establishment of a larger zone with a common currency will free managers from these constraints, and by the same token it will also open up domestic asset management markets to competition from major global players. Overall, this is likely to lead to the creation of new jobs in this sector," he adds.

Geoffrey Wood, professor of finance at the City University Business School in London, believes that the initial impact of the changeover to the euro — including implications for jobs — may be less dramatic than many anticipate.

"The effect on forex activities, for instance, is likely to be relatively small," Mr. Wood says. "This is because, with the exception of the former Communist bloc, continental Europe has one of the lowest growth rates in the world, caused in part by continuing over-regulation and rigidities in labor markets. Accordingly, there is relatively less trade in the currencies of continental Europe and more in currencies of other regions of the world."

Experience required

According to James Hervey Bathurst, managing director of the executive search firm NBS in London, British banks are not yet looking for employees with specific knowledge of euro-related issues.

"However, there is no doubt that this kind of experience will be needed in due course. Requirements are likely to extend from IT programmers at one end of the scale to financial strategists at the other," Mr. Bathurst says.

"Whatever happens with the euro, I am confident that London will maintain its role as the leading European financial center, and that accordingly jobs in this sector will not be lost to other European capitals."

In support of his view, he points to the strength of the London markets and the presence of major international players.

"It is true that salaries for some jobs here now rival those in New York, but social charges are much lower than they are in other European countries," Mr. Bathurst adds.

Jean-François Dupont, manager at Ernst & Young in Paris, emphasizes the repercussions for cash management. "This activity requires continuing substantial investment in technology and production capacity. The widening of domestic markets resulting from the institution of the single currency will encourage major international players such as Citibank, Chase, ABN-Amro and Deutsche Bank to play an ever-more dominant role in this sector," Mr. Dupont says.

"Smaller banks will increasingly be restricted to using the major players' products as a way to service their clients. Overall, this process should lead to a greater concentration of job opportunities. A similar development is also likely to take place in securities custody services," Mr. Dupont concludes.

New distribution channels

To a lesser extent, the euro will also affect jobs in retail banking.

"The development of new distribution channels such as telephone banking and the Internet — which is already under way — will gain further impetus from the introduction of EMU," says Miguel de Fontenay, managing partner with Ernst & Young in Paris. "Competition from new non-bank entrants will increase, and traditional banks will find themselves under ever greater pressure to reduce branch costs and make their products more attractive."

However, the fact that the same currency will apply throughout the euro zone does not mean that one homogenous banking market will be immediately created throughout that area.

"Differences will remain on crucial matters such as legal and regulatory structures, payment instruments and settlement procedures," says Mr. Colin. "Also, many retail customers will still want a local branch where they can have face-to-face discussions."

Introduction of the euro will also lead to the creation of a small number of new jobs in central banking. This applies in particular to the Frankfurt-based European Central Bank (ECB), which will be responsible for managing European monetary policy when EMU enters into force.

The European Monetary Institute (EMI) — which will be converted into the ECB when the euro is introduced — currently employs some 330 people.

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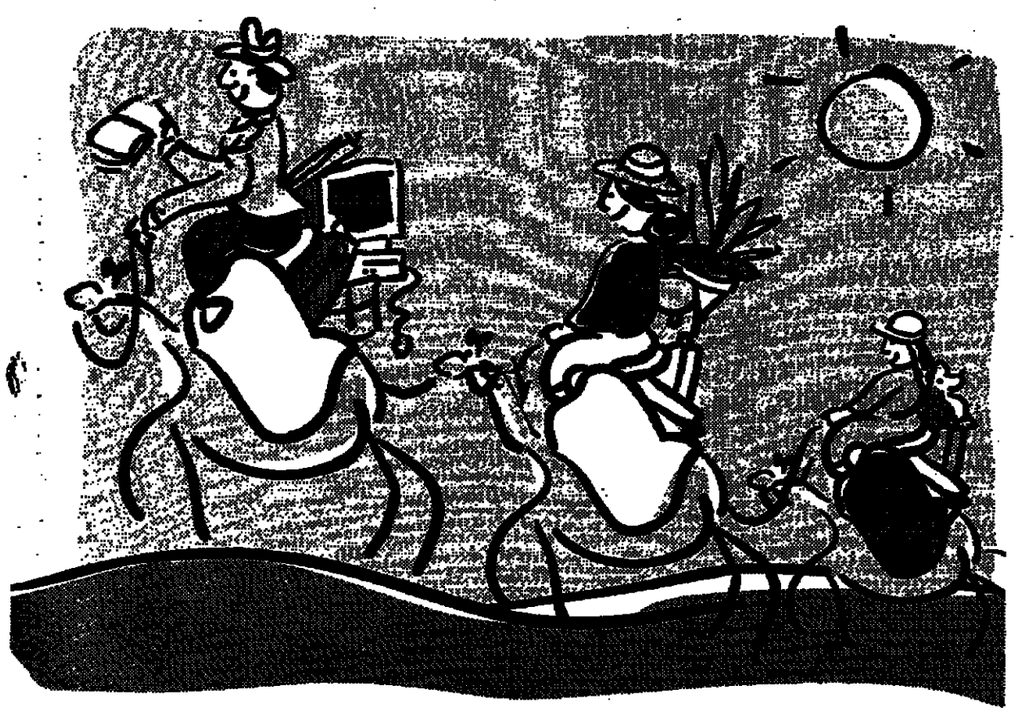
CAREERS IN EUROPE: CHOICES & CHALLENGES



EXPAT EXECS: FAST TRACK OR SLOW TREK?

EXPATRIATE EXECUTIVES: STARTING YOUNGER AND LEANER EVERY DAY

The profile of the expat manager is evolving as multinationals cut costs and change priorities.

The company says you're needed in this or that country, and here's the package. The manager usually doesn't have much choice. If you want to climb the company ladder, you don't refuse postings overseas. Companies normally won't force you, but they do favor the ambitious manager. This is especially true of big multinationals.

An overseas posting can sound ideal: a prestigious senior position, with paid housing, car, schools and maid service. The international experience looks good on your résumé. But some issues can spell trouble for companies and overseas employees. The traditional expatriate package is changing as companies are looking for new ways around old problems.

Be prepared

All relocation jobs are not equal. The same position can have a different status according to the country you're in. This can be reflected in your salary, holidays or the overall price your company is willing to spend on you.

Before you go, you have to get ready. Preparation is crucial, and not always easy — either from the company or the personal point of view. Though companies need transferees who know the local culture and environment, observers say they often come without this knowledge. This doesn't do wonders for their business.

Generally, managers moving to one Western Europe country from another (or from the United States) arrive less out of sync than those sent to the Middle East or Asia. In Eastern Europe, the situation is changing so rapidly that training must be updated regularly. Preparation can include visits, briefings and "shadowing" your predecessor.

Family questions

Another issue is the expat spouse. The traditional expatriate population is senior management. For the spouse, who is more often the wife, this may mean a first-time venture living overseas.

"Such a change can be tough for someone who has lived 30 years in one culture and suddenly tries to make a new life abroad, without language or social contacts," says Sharon MacBeath, director of EMDS Consulting, a Paris recruitment firm.

This is why many postings fail. A 1986 study of 300 companies found that 50 percent brought families home early. Unwillingness or inability of spouses to adapt to the foreign environment was the reason. Spouses had difficulty developing a "meaningful portable life."

These thorns prompt companies to use occupational psychologists to groom their people for work overseas. Counselors also shepherd relocatees through repatriation problems when they return.

Though many come home with more experience, which helps their careers, others need help coping with loss of benefits, affluent lifestyles or big paychecks — which are often trimmed by as much as 20 percent. They must also readjust to partners or families, and accept seeing colleagues promoted while they have been away.

Starting young

To thwart these traditional problems, companies are now turning to a younger population. In what seems a perfect fit between companies and candidates, some businesses are starting their fledgling managers on overseas projects, giving up-and-comers geographic mobility early on. Younger managers are more flexible and have fewer constraints such as families or mortgages. They are eager for the opportunity and make up a group that considers all of Europe as its employment market.

Danone's new hires are immediately sent abroad for their first jobs. "They don't really have expatriate status," says spokesperson Isabelle Nguyhen. This means they get a normal salary, but no benefits (housing, schooling and maid service) — though the firm will sometimes chip in a little extra money in high-rent countries like Italy.

"It's mainly to integrate our people better into the country where they're going, so they can live the full national experience," Ms. Nguyhen says.

Some companies are looking to younger managers, who have fewer constraints such as families or mortgages. They are eager for the opportunity and consider all of Europe as their employment market.

Small packages

No benefits doesn't mean no advantages, however. These managers return with international exposure, flexibility and open-mindedness early in their careers — all priceless commodities in today's job market, and ones that global companies can put to use.

This new type of relocation is trimming the high cost of traditional expat packages. It is also changing the face of the expatriate community. The career male with a wife who dutifully follows is giving way to a new breed.

Assignments that move whole families are dwindling. Female expats, though less numerous than their male counterparts, are on the increase as couples take jobs that put them in different cities or even countries. No studies have been conducted yet on what effect this phenomenon has on the children involved.

New skills

It is clear that of all the skills needed by managers in the 21st century, languages and the ability to work in different cultures will be key. Business schools have heard the call.

One example is the University of Bath, which established in 1988 an international management and modern languages degree to better prepare future executives. Programs in French and German allow students to study management in the foreign language.

Joshua Jampol

FOR THE RIGHT CANDIDATES, FOREIGN COMPANIES OFFER GREAT JOBS

Non-European multinationals are a growing presence in the European employment market.

As the move toward a stronger European Union continues, major companies from countries outside Europe such as the United States and Japan have been boosting their presence in the EU.

The rapidly growing management needs of many of these corporations can provide able and ambitious European MBA graduates with a ladder to a successful international career.

Job competition is fierce, and most large international corporations target their recruitment efforts on a carefully chosen selection of top European schools.

Career progression patterns following recruitment differ. U.S.-based businesses tend to emphasize international mobility, which offers the opportunity for managers recruited anywhere in the world to work their way up to senior posts at the head office.

Japanese companies, on the other hand, often like to recruit people with strong attachments to the local community.

Move up or move out

The multinational consultancy firm A.T. Kearney, headquartered in the United States, recruits around 400 to 500 MBAs a year, including some 200 in Europe. It employs around 2,500 consultants in all, and operates 63 offices in 32 countries.

"All our consultants, including vice presidents at top head-office level, are drawn from the widest possible mixture of nationalities and cultures," says Konstantinos Apostoulatos, principal at A.T. Kearney in Brussels.

"People we recruit anywhere in the world are expected to rise to high levels within the firm if they pursue a long-term career with us," he adds.

"We have a general principle in the firm that people cannot stand still, and they have to move either up or out. Generally speaking, around three or four years is the maximum period between steps in our consultants' career progression," says Mr. Apostoulatos.

Generalist approach

Michel Van den Mooter is director of human resources for the European Recruitment Taskforce of the U.S.-based pharmaceuticals giant Eli Lilly.

"We are looking for dynamic, self-motivated people with a generalist approach to management, who will have a real impact on the company," he says.

European schools currently favored by Eli Lilly include France's INSEAD, the Rotterdam School of Management, The London Business School, Spain's IESE, Switzerland's IMD and Italy's SDA Bocconi.

However, the company is also ready to consider able graduates from other good European institutions, and it keeps its internal ranking of schools under constant review. Eli Lilly's president for Europe, Bert van den Bergh, was himself initially appointed to the company as a young Rotterdam School of Management MBA graduate.

"We are looking for dynamic, self-motivated people with a generalist approach to management, who will have a real impact on the company"

"When we recruit MBAs, we consider their career development with us initially in the context of a six- to eight-year time-frame. MBA recruits are assigned a variety of missions during this period, and they may be moved between different countries," Mr. Van den Mooter says.

Local ties

The Japanese multinational Mitsubishi employs some 100,000 people worldwide. The company strives to counterbalance this monolithic bulk at the global level by encouraging a neighborhood feeling in each of its local operations.

Employing and keeping local personnel, including managers, is a key aspect of this strategy.

For example, Mitsubishi operates a telecoms assembly factory and a cordless telephony research center near the city of Rennes in France's Brittany region.

One of the company's reasons for choosing this location was the fact that there were good opportunities for recruiting skilled scientific and managerial staff locally, including the existence of a strong mathematics faculty at Rennes University.

Legal eagles

Laurence Simmons, an international legal recruitment firm, reports that the demand for in-house legal advice in Europe has increased dramatically in the past two years.

Expanding U.S. multinationals that traditionally staffed their European offices with U.S.-qualified attorneys are now hiring local European lawyers who offer numerous cultural and linguistic advantages.

The firm says it is inundated with requests from U.S. multinationals seeking to hire, in particular, French, German, Belgian, Dutch and Italian lawyers. If these lawyers have worked in a U.K. or U.S. firm, or have had some exposure to Common Law, their marketability — and salary potential — is greatly enhanced.

Standard criteria

A growing trend is for major multinationals to apply the same selection and promotion criteria in all their operations across the world.

Citibank, for instance, takes on about 30 to 40 European and U.S. MBAs each year.

"Nowadays, the bank applies standard criteria at its assessment centers for both the United States and Europe," says Hans Staudinger, training director for Europe and global management associates director with Citibank in Brussels.

"These include an MBA awarded by a top school and previous career experience in key areas such as marketing, retailing or finance," Mr. Staudinger adds.

The growth in global management appointments and international business in Europe also means that language abilities are becoming an ever more important factor in career progression.

Consultancy firms often require recruits to master at least three or four languages. The rise in multilingual and multicultural events such as the Expolangues exhibition — staged annually in Paris for the past 16 years — also bears witness to this trend.

M.R.

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CAREERS IN EUROPE: CHOICES & CHALLENGES

A FOOT IN THE DOOR

Recruiters target top-flight business schools and flexible managers.

For some companies, the world is divided into the top candidate pool, which they say makes up around 20 percent, and the rest of the world, the other 80 percent.

Good people come from good schools, which is why most recruiters have an A-list of management colleges where they hunt for job candidates from year to year.

"It would take me a lot of energy to find anyone from the 80 percent," admits one recruiter from a major investment bank.

School visits

Most companies get piles of unsolicited CVs from recent MBA graduates, so for some there's no need to look any further.

Others hunt for new talent in Europe's leading business schools.

International consultancy firms like Arthur D. Little and A.T. Kearney, and companies like Ford go every year to Cranfield School of Management, one of Britain's top business schools.

At Cranfield, as at other blue-ribbon schools in Europe, the process follows an established pattern.

"It's highly ritualized," notes Philippe Alloing, Little's human resources director.

The recruiter takes a room, and students come for a 30- to 45-minute presentation, followed by an informal Q-and-A session. Sometimes candidates will be invited for drinks or dinner. Recruiters urge them to apply and "tell us why you're interested in us — and why we should be interested in you."

Though the relationship between schools and recruiters is close, there are limits. Recruiters will not ask schools for grades, for example. Cranfield never divulges specific information on academic achievement.

"I've been here eight years and never given anybody's score," affirms Wendy Hall, career development manager.

The interview process

Once the interested students have sent their applications in, recruiters screen them, then return to campus for a first series of interviews.

There are differences in the ways companies and consultancies go about this process.

Companies usually send senior managers for the first interview, followed by human resources people for the next. Sometimes MBA alumni take part, which can make things less traumatic for the interviewee. Consultancies have been known to bring MBAs to the head office six or seven times and ask them to analyze cases.

"We want to expose potential hires to more levels in our organization and to as many faces as possible," Mr. Alloing says. "There's no other way to select people except to have them be seen and accepted by as many people as you can. It's a commitment-building process."

What should you expect from an interview? Companies say: Be yourself, be honest and open for discussion. But you have to know where to position yourself.

First step on the ladder

Notes Michel Van den Mooter, director of human resources for Eli Lilly's European Recruitment Taskforce, "Try and look at the future, not only at your first job. Remember your first position won't be a roadblock to climbing the ladder."

Says Rotterdam School of Management's MBA director, Kai Peters: "At first you're going to have to work in some functional post. The true kiss of death for job interviewing is, 'I like strategy. I want to be a strategist.'"

Honeywell Europe fishes almost exclusively from INSEAD in France.

"Sometimes we go with specific jobs in mind: sometimes we want to introduce new MBAs into our management team," says Director of Communications Alessandro Profili.

When the company wants to start up new businesses, it looks for entrepreneurship experience. But it also scans CVs for people who have served in major companies.

"This means they've already been exposed to a major corporate culture and are at ease working in a consensus and team-building environment. It means the person isn't a lone gun," Mr. Profili says.

Scouting new talent

Some firms don't come on campus at all, but prefer to use headhunters.

Disney Consumer Products, a separate business dealing with licensing within the giant American corporation, is one of them.

YOUR FIRST JOB: FINDING JUST THE RIGHT WINDOW OF OPPORTUNITY.

"We prefer to use headhunters," says the division's human resource department. "Only 10 percent of our hires come from universities or business colleges."

Companies also attend fairs and conferences to scout new talent. Such events as the European Management Conference, which will be held for the fourth time in Paris on April 15-17, give representatives from leading European businesses a chance to meet students and get to know potential candidates.

Companies advise job seekers to be willing to change sectors and not to pursue a single direction throughout their entire working life. The future, they say, belongs to younger professionals with different career experiences and to more flexible managers.

Recruiting on-line

The Internet has a role to play in the future of recruitment. More and more big companies are creating linkups to gather spontaneous applications on-line.

Most are in the United States, but Europe is also exploring this cyberpath.

Though applying directly can be a good way in the door — you might just turn up at the right time — it's still risky.

Some software now lets applicants send CVs to scores of companies at once, inundating their Web sites with résumés — and not always with the right ones. They can be untargeted, uninteresting and good for little but creating administrative work.

Companies have come up with a defensive response: application-filtering software that refuses to select anybody over age 35, for example, or candidates without certain language skills.

These programs will automatically send back the unwanted CV to the applicant accompanied by a polite letter of refusal.

J.J.

NEW JOBS FOR EUROPE

Continued from page 19

get a good education. The correlation between level of education and employment rate is still strong.

The Statistical Office of the European Communities reports that in 1996, the EU rate of unemployment was 5.9 percent for those with a higher education, 8.6 percent for those with a senior secondary education and 12.6 percent for those without a senior secondary education.

The average rate of unemployment for holders of a university degree in Germany is currently about 2.1 percent, compared to the country's overall rate of 11.8 percent, according to the Institute of the German Economy (IWD). The message is clear for European job seekers: study, study, study and look for work in the services sector (which accounts for 65 percent of total employment in Europe). And some multimedia programming skills wouldn't hurt.

Heidi Ellison & Terry Swartzberg

CENTRAL AND EASTERN EUROPE: SEEKING LOCAL TALENT

The era of the crisis manager "parachuting" into Central and Eastern Europe (CEE) from the West and putting out one fire after another is over.

The conditions under which locally owned subsidiaries operate have normalized and stabilized over the past few years.

Increasingly, the executives staffing these subsidiaries are CEE nationals who have received their business education at local business schools and their seasoning at other Western companies in the region.

That's the concensus of a number of top executives at several major Western companies doing business in Central and Eastern Europe.

This nutshell description does, however, come with serious qualifications.

International all-rounders

"Managers in the region are still required to be all-rounders, ones capable of handling a range of responsibilities generally much wider than those facing their counterparts in Western Europe," says Regine Petzsch, spokesperson for Roland Berger, the international management consultancy.

"Our CEE managers are required, to a great extent, to also be entrepreneurs," adds Falko Leonhardt, head of career opportunities, recruitment and development, at Deutsche Lufthansa AG.

The CEO of the local operation is still nearly always an "international," a person who has spent the greater part of his or her career in the West and/or with the parent company on a variety of postings.

"These internationals are very often come-home expatriates," Mr. Leonhardt says.

Supply and demand

The supply of locally trained managers is growing, and the demand even more so.

"A highly qualified young executive can basically write his or her own ticket here," says a Budapest-based Western manager.

As the CEE region grows, its individual countries show an increasing diversity of political and corporate culture.

"The COMECON countries used to be largely homogenous. There's a great deal more variety in how business is done in them now," says Waldemar Kleinert, manager of central human resources planning and coordination at Adam Opel AG, the Europe-based subsidiary of GM.

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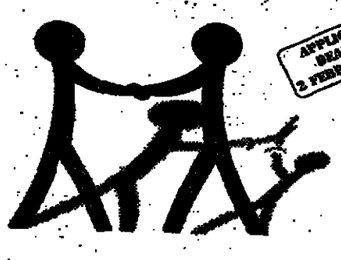

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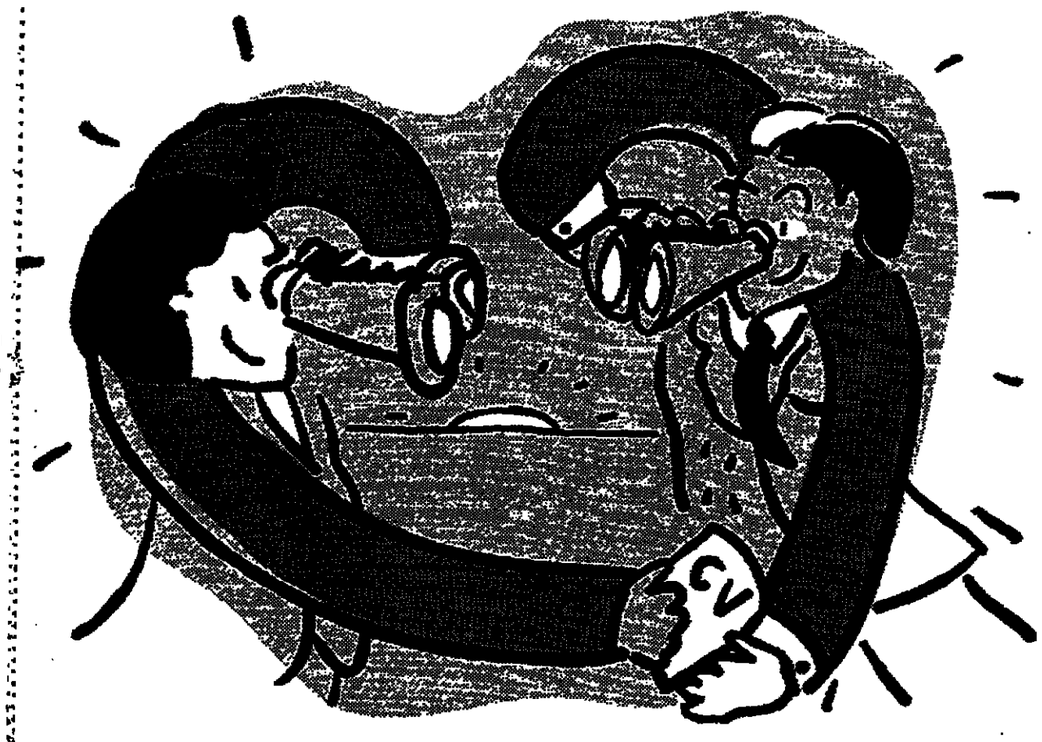
CAREERS IN EUROPE: CHOICES & CHALLENGES



JOB CANDIDATES AND FUTURE EMPLOYERS TAKE A LONG, HARD LOOK BEFORE MAKING ANY DECISIONS.

TO BE THE BEST: MAKING THE GRADE

Business school graduates rate Europe's top corporations — and vice versa.

Every year, Universum International's European Graduate Survey and other such polls ask European business students to name which companies they would like to work for.

And every year, the same management consultancies, automobile manufacturers and other multinationals top the list.

When students are asked what attracts them to potential employees, the most frequent responses are "freedom of operation" and "good career reference."

Prestige, job security and high pay are other important factors, but are not the only reasons the students select certain companies.

"The fact that we produce high-performance cars and that we're obviously a company on the move are definitely behind our high ranking," says Martina Wehner, recruitment manager at Audi.

"But today's graduates look hard and think ahead. They know their success in handling their first position will determine how successful their entire career will be. And there's no surer way to end up a failure than to start your career in a job full of unproductive constraints."

Long-term goals

Falko Leonhardt, head of career opportunities, recruitment and development at Deutsche Lufthansa AG, endorses the "long, hard look."

"The attraction of Lufthansa as a place of work definitely has to do with our product and trademark," he says. "But these can be seen at the first glance. If, upon taking a second glance, Europe's high performers did not see that we are offering exciting and challenging jobs, their enthusiasm for and interest in the company would quickly wane."

Says Waldemar Kleinert, manager of central human resources planning and coordination at Adam Opel AG, the Europe-based subsidiary of GM: "This 'freedom of operation' clearly pertains to the opportunities of working around in many different countries. That's why 'global players' such as Opel are in such strong demand by job-seekers."

Good exposure

Regina Petzsch, spokesperson for Roland Berger & Partner, the international management consultancy, also sees career opportunities as being the prime source of applicant interest.

"What excites business students about working for Roland Berger is the diversity of experience and expertise invariably acquired by management consultants within a very short time," Ms. Petzsch says.

"It is also in the nature of our business that young management consultants work with senior executives — as well as a wide range of other echelons — at our client companies. Like the acquiring of a breadth of expertise, this exposure is definitely not harmful to their careers," she adds.

While the students are eyeballing their potential employees, the latter are taking searching looks at them.

European companies don't simply rely on the provenance of the applicant's MBA or other degree in establishing his or her desirability.

What the companies want

Rather, the firms spend a great deal of corporate time and energy in reaching out to and screening a wide field of applicants. They conduct in-depth evaluations of the candidates who pass the initial selection process and assure the few successful applicants of getting off to a good start in their new corporate home.

Prestige, job security and high pay are not the only reasons business students select certain companies

It all goes by the rather unwieldy name of "personnel marketing," a very serious business. This European system differs from the hiring policies of most U.S. companies.

"The guiding idea behind the American approach is a form of social Darwinism, in which a company hires a large number of young executives and then waits for the dust to clear. The ones surviving this natural selection are presumably the best of the lot," says Clemens Braunsburger, head of management development at BMW.

"At BMW, we find it much less costly in the long run to spend a great deal of time and money up front to make sure that, say, 18 of the 20 people whom we hire are productive parts of our company from the outset and that they stay with us for a long period of time."

Martina Wehner finds natural selection "to be out of sync with today's flat hierarchies, which give young executives a wide latitude of operation upon their entering the company. The opportunity to damage the company through insufficient achievement or a mistaken approach is also greater. That's why today's recruiting is focused on finding a few high-performing people."

Living in the real world

As the recruiting specialists point out, a brilliant academic career and attractive demeanor do not suffice to qualify an applicant as "high performing."

"We've had a number of applicants who had everything, including great grades and a number of interesting internships. But they also seemed arrogant and non-communicative, and these are counterproductive traits in our business," says Ms. Petzsch.

"I prefer to recruit 'right-performing' rather than 'high-performing' people. The difference is between young managers capable of deploying their talents and skills in actual operating environments and with other people, and those whose achievements have been accomplished in the splendid isolation of an ivory tower," says Rainer Schulze, head of personnel marketing at BMW.

The existing personnel evaluation tools — including face-to-face interviews, standardized tests dispensed at grueling "assessment centers" — do not provide this type of real-world environment.

"They do have their uses, providing that the interviews are carried out and the tests are assessed by skilled personnel. We also stage three-day workshops in which potential staff members are expected to solve real-life problems," Mr. Schulze adds.

Attending these workshops are young engineers who have either already started their professional careers or have recently finished school. Working in teams, the participants solve problems currently faced by BMW.

"After three days of seeing them work under time pressure and in close quarters, we've gotten to know a lot about the potential applicants," Mr. Schulze says.

T.S.

WHERE DO TOP MANAGERS COME FROM?

Promotion via internal executive development programs is taking priority over headhunting.

Our priority is to fill executive-level positions with managers developed internally. External candidates are only considered in exceptional cases. To find them, we use a select group of headhunters," says Elke Ickenstein, spokesperson for Bayer AG.

This statement is a reflection of the growing trend among many of Europe's top companies. But is it a vote against headhunters?

"No, it's a vote for the personnel recruitment and executive development programs built up by the companies over the past decade," says Regina Petzsch, spokesperson for Roland Berger & Partner, the Munich-based management consultancy.

"Thanks to the extensive and rigorous recruitment process, the executive-track personnel entering companies like ours nowadays has an exceptionally large range of aptitudes and qualifications. This partially obviates the need to search outside the company," she adds. "These qualities and aptitudes are then systematically upgraded and nurtured throughout the young executive's first years at the company."

Fulfilling special needs

Nonetheless, according to Ms. Petzsch, this development "is not coming at the expense of the headhunters." She adds: "Many of them, including our own personnel recruitment subsidiary, are also reporting record levels of business."

Under what circumstances does a company conduct an external executive search via a headhunting firm?

One answer is provided by Waldemar Kleinert, head of personnel marketing at Adam Opel AG, the Europe-based subsidiary of General Motors.

"We, too, have a wide range of executive development and enterprise-wide programs, and we too strive to fill senior positions internally. And because we are part of the world's largest manufacturing group, and one involved in everything from engines and electronics development to computer and financial services, the pool of in-house talent available to us is very large and very diverse," says Mr. Kleinert. "But we also often use headhunters to meet exceptional needs."

Isn't that a contradiction in terms?

"Not in the slightest. Throughout the 1990s, the business world has been affected by one exceptional event after the other, for instance the fall of the Berlin Wall and the subsequent opening up of the East German and Central and Eastern European markets, in which we now manufacture and distribute on a large scale. This rapid buildup and the need to find people with local cultural skills mandated a major recruitment from outside," Mr. Kleinert says.

Good for business

According to Rainer Schulze, head of personnel marketing at BMW, the company's heavy reliance on management development programs is partially dictated by the bottom line.

"It's simply cheaper to institute and carry them out than to engage the services of a headhunter, whose fee is generally equal to four months' salary of the newly recruited executive-track staff member. Although it's hard to quantify it in marks and pfennigs, the prospect of rising to an executive position some day also obviously enhances the young managers' performance," he adds.

Getting more out of their managers was one of the several key reasons why MAN launched its full-scale program in 1987.

"At the time, 70 percent of our senior level positions were being filled from outside," said Günter Biereye, head of executive development at the Munich-based capital goods giant.

"This represented a waste of the great potential for management possessed by our young executives. It was also not a great spur to further achievement," he adds.

"The executive board set up the program and challenged it to turn the situation around — and a bit more. They set an 80/20 objective and gave us a decade to achieve it. We did even better than that. By 1996, after only eight years of operation, 80 percent of the senior-level positions were being assumed by 'graduates' of our program," he adds.

MAN's program relies on the expertise of a special kind of trainer: the members of the executive board and other top executives, who relate the details of their areas of responsibility at week-long group seminars held on an annual basis and attended by the program's "students." The dialogues ensuing from this face-to-face contact have created a "company whose executives know and understand what each other is doing, a company hence 'transparent' to itself," says Mr. Biereye.

Fresh blood

And what about the need for "fresh blood" to invigorate corporate processes and thinking?

"Definitely useful, but needed only in small doses and in certain areas," Mr. Biereye says.

Thomas Sattelberger, head of personnel recruitment and marketing at Deutsche Lufthansa AG, has an entirely different opinion.

"An infusion of fresh blood is often necessary, and that's because in-house executive development programs continually require benchmarks against which they can measure themselves. Managers recruited from outside serve that purpose nicely," he says. "This is not to downplay the importance of 'in-house' development.

"These managers have a freshness of vision and a base of experience very different from that of long-time company executives. Both these traits are highly useful when implementing a major restructuring of the company or one of its major parts, or when instituting some other form of radical change," he adds.

Mr. Sattelberger doesn't necessarily endorse the employing of headhunters to find these change agents. "The world's air industry is a close-knit sector. We encounter potential senior executives at everything from trade fairs to professional associations. Many suggestions as to future executives come from the informal networks existing among the heads of personnel or executives holding related positions at major companies."

T.S.

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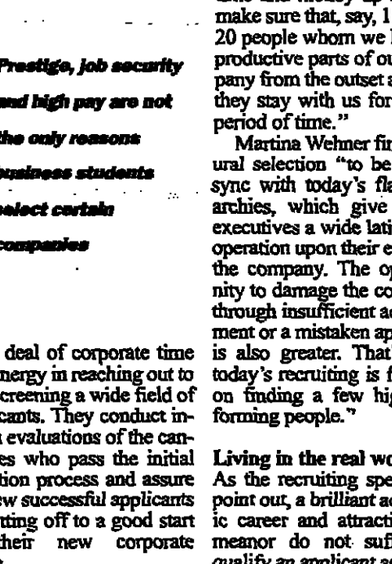

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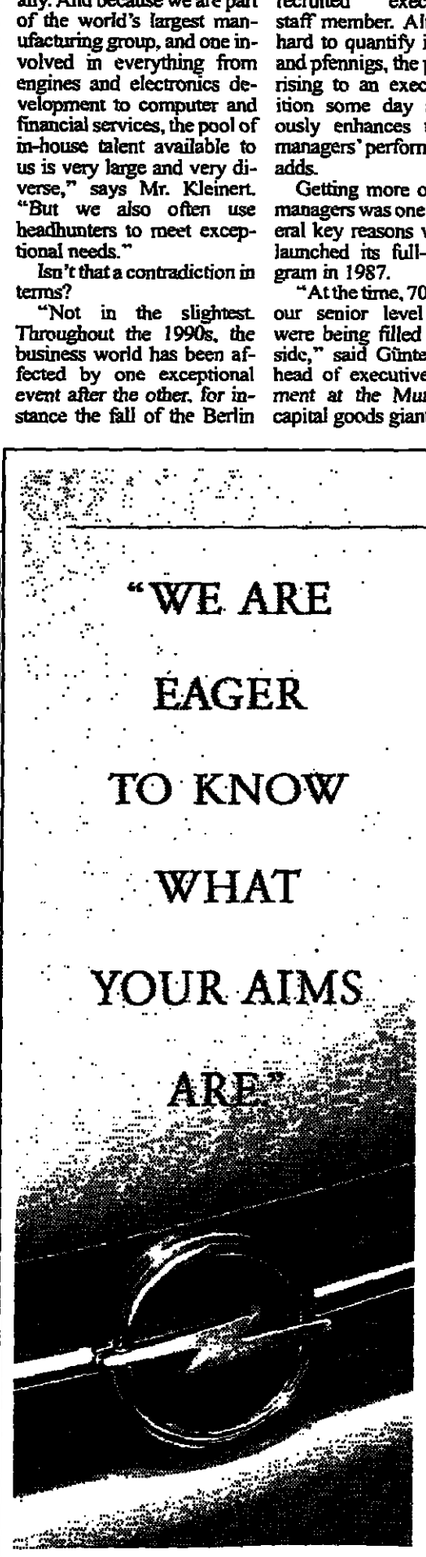

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A SENSE OF KNOWING. OPEL

WORLD ROUNDUP

AFP
Sheikh Mohammed Rashid Maktoum faults the finances.

Horseman's Threat To Leave Britain

HORSE RACING Sheikh Mohammed Rashid Maktoum of Dubai, the world's most powerful horse owner and breeder, has threatened to pull out of British racing unless the sport's finances are dramatically improved.

The sheikh, who has 600 horses in training around the world, assailed the British government and bookmakers and complained that England had slumped below Mauritius and Greece in prize money.

If the sheikh and his brothers pull out of British racing, the effect on the sport would be devastating. Hundreds of people from stud grooms to jockeys and trainers rely on the Maktoum family's largesse.

Sheikh Mohammed complained that the British government took in tax six times the amount it returned to racing. *(Reuters)*

Charlton Drops Defender

SOCCER The English First Division club Charlton said Wednesday that it had dismissed the defender Jamie Stuart after he tested positive for cocaine and marijuana. He is the fifth Charlton player to fail a drug test. *(Reuters)*

Lay Off Refs, NFL Says

FOOTBALL The National Football League has sent a memorandum to its 30 team owners, head coaches and general managers requesting that club personnel not badger or try to intimidate officials during games. The memo, signed by Paul Tagliabue, the league commissioner, was sent on Nov. 26. It was apparently drafted in part in reaction to the Dallas owner, Jerry Jones, who stalked the sidelines and angrily complained to officials during the Washington Redskins' Nov. 16 game in Dallas. The Cowboys won, 17-14. *(WP)*

Puckett to the Rescue?

BASEBALL Kirby Puckett, the former Twins star, says he is willing to invest up to $10 million in the team if a deal can be worked out to keep it in Minnesota. "I'm not going to North Carolina," Puckett said. The Twins owner, Carl Pohlad, has an agreement to sell the team to a North Carolina businessman, Don Beaver. The possibility that Puckett might buy into the Twins as part of a new ownership group is important because it might make league owners reluctant to approve a Twins move. *(AP)*

Inter's Individuals Get the Job Done

Milan Clubs Lyon Out of UEFA Cup With a 3-0 Home Victory

By Peter Berlin
International Herald Tribune

MILAN— Inter Milan is making a habit of teasing young French teams in this year's UEFA Cup. In the second round, the Italian League leader contrived to lose by 2-1 at home to Olympique Lyonnais before winning, 3-1, in Lyon. In the third round, Inter lost 2-0 in Strasbourg, encouraging French hopes for an upset. On Tuesday night, however, Inter again did just what it needed to, and won by 3-0 to advance on an aggregate score of 3-2.

After the game, Patrick Proisy, the Strasbourg president, put a brave face on the defeat. "They are the best team in the world," he said.

The curious thing is that Tuesday night's match suggested that while Inter might have the most talented — certainly the most expensive — group of players, they do not always amount to a team. Six of Tuesday's starting eleven are in their first season at the club, and it showed.

In Lyon, Milan played with patience and discipline. On Tuesday, before 46,000 of its own fans — who whistled unhappily every time Strasbourg kept the ball for more than 10 seconds — the attitude was different.

Before the game, Benoit Cauet, an Inter midfielder, said: "We need an early goal."

That might explain the lack of attention Inter paid to defense in the first half. Its defenders frequently played like strangers. They were pulled here and there by the skillful attacking teamwork of Strasbourg.

Three times a Strasbourg player was alone with the ball in the Inter penalty area. But Karim M'Ghoghi, twice, and Pascal Nouma, once, wasted those chances.

"If only we'd taken our chances when it was 0-0," said Olivier Dacourt, a Strasbourg midfielder.

At the other end, Alexander Vencel, the Strasbourg goalie, made a string of spectacular saves, yet a tendency to the theatrical can be a sign of weakness in a keeper. He seemed always at full stretch, even for the weakly hit shots, and he never seemed able to catch the ball.

His habit of pawing and parrying presented Inter with a string of follow-up chances. In the thirteenth minute, Inter's Youri Djorkaeff was in a harmless position in the corner of the penalty area when Vencel lunged in, feet first. Djorkaeff leapt in the air.

The resulting penalty was as much a punishment for Vencel's stupidity as for the foul. Ronaldo slapped his shot at the corner of the goal, but Vencel dived, scooped the ball onto the post and gratefully grabbed the rebound.

In the 27th minute, Ronaldo won a free kick near the penalty area. Normally teams rehearse such positions. Here Djorkaeff, uncharacteristically short of ideas, simply poked the ball to Ronaldo, standing stock still a yard in front. The defense stood and watched while the Brazilian took a couple of touches as he thought about what to do.

Then, when he drove a low shot toward the corner of the goal, two members of the Strasbourg wall considerately jumped over the ball. Vencel's lunge was late and short.

Early in the second half, Javier Zanetti blasted the ball straight at Vencel's head from fifteen meters. The keeper again disdained a catch and instead slapped the ball into the corner of his net. Then the aggregate score was level, and something odd happened. As the French tired, Inter started to pick off their short-range passes.

But while the defense showed better teamwork, the attack abandoned the concept altogether. Inter has bought a collection of stars, and that is how they began to play. When Zanetti or the summer signings Ronaldo, Diego Simeone or Francesco Moriero received the ball, they would turn and sprint at the defense, ignoring teammates.

For a while, neither team seemed able to pass, and the game resembled playground kick and rush.

Finally Djorkaeff, one man who never loses his poise, headed the ball into the path of Simeone who flicked it cleverly past two defenders before scoring with a low shot.

Ronaldo now flies to Saudi Arabia to play for Brazil in an international tournament. Last Thursday, he starred for the Rest of the World against Europe in the exhibition game before the World Cup draw in Marseilles. It's no wonder he sometimes has trouble working out where his teammates are.

At the core of every great club team is a group of men who have played together for years, who know each other's strengths and weaknesses as well as they know their own. In this age of high-priced jet-set mercenaries who switch clubs every couple of years, and impatient owners who change the coach and half the team each summer, teamwork is increasingly elusive. Strasbourg's frequently superior team play allowed it to give Inter a scare. Maybe some of its members will end up at Inter next summer.

Inter's Ronaldo, left, and Javier Zanetti congratulating Diego Simeone.

Start It Up: Cricket on Net

The Associated Press

NEW YORK — For cricket fans who can't get no satisfaction, Mick has come to their rescue.

Mick Jagger, front man for the Rolling Stones, has started an Internet company to bring cricket matches to the Net.

His company, Jagged Internetworks, along with WorldTel and CricInfo, will "netcast" the Akai-Singer Champions Trophy, an international cricket tournament that starts Thursday, from Sharjah, United Arab Emirates.

Cricket-loving World Wide Web surfers can browse the site and hear live broadcasts of the matches and see video highlights afterward.

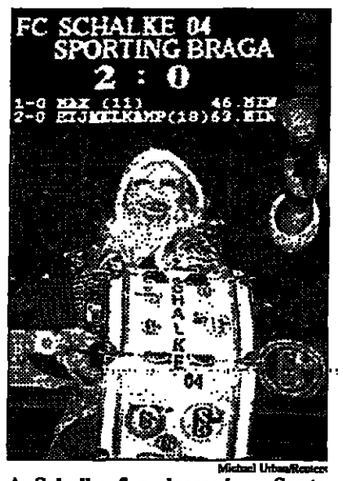
"This is the future of sports information," Jagger said. "In a few years, the Internet will be a huge player in sports broadcasting across the globe."

The Rolling Stones often broadcast their concerts live over the Net, so broadcasting a cricket match is not too different, Jagger said.

The Akai-Singer Champions Trophy is the second most important cricket tournament. England, the West Indies, Pakistan and India will compete for the trophy in seven matches ending Dec. 19. WorldTel, which is producing the netcast, said it expected an audience of 1.5 million to 2 million people.

The tournament will be broadcast from http://www.cricket.org.

Schalke's Title Defense Moves Into Quarterfinals



Michael Urban/Reuters
A Schalke fan dressed as Santa celebrating the team's 2-0 victory.

Reuters

Schalke 04, the cup holders, scored two second-half goals to beat Braga by 2-0 on Tuesday night in Gelsenkirchen, Germany, and reach the quarterfinals of the UEFA Cup.

The referee, Manuel Diaz Vega, sent off Braga's Jose Nuno in the 39th minute after the Belgian striker Marc Wilmots was brought down just outside the penalty area. Replays showed the foul had been committed by another defender of the Portuguese side, Sergio Abreu.

Schalke, which dominated a tense first half, opened the scoring with a close range effort from striker Martin Max seconds after the break. The Dutchman Rene Eijkelkamp collected a fine pass from Wilmots to score the home team's second goal in the 63d minute. The first match ended in a scoreless draw.

In Madrid, the Spanish international defender Carlos Aguilera led Atletico Madrid to the quarterfinals with a 2-1 aggregate victory over Croatia Zagreb.

Aguilera set up Jose Luis Caminero for the only goal of the game just before halftime. The score was a poor reward for the home side, who limited the visitors to a handful of half-chances, while wasting nearly a dozen clear opportunities.

In Birmingham, England, Aston Villa reached the quarterfinals for the first time in 20 years with a 2-0 victory over Steaua Bucharest.

Second-half goals from Savo Milosevic and Ian Taylor clinched a 3-2 victory on aggregate for the English side after their 2-1 first-leg defeat.

UEFA CUP

In Rome, a goal from Giorgio Venturin gave Lazio a pressure-free 1-0 victory over Austria's Rapid Vienna and sealed the Italian side's place in the quarterfinals.

Venturin drove home his first goal of the season four minutes from time after Pierluigi Casiraghi had set him up with an acrobatic back-heel on the edge of the penalty area.

The third-round second-leg victory gave Lazio a 3-0 aggregate victory.

In France, Auxerre beat Twente Enschede by 2-0 to qualify for the quarterfinals.

The former French champions scored through the winger Steve Marlet in the third minute to strengthen their 1-0 victory in the first leg.

Auxerre's Stephane Guivarch made it 2-0 from a penalty eight minutes from the final whistle.

Marlet, back in international action after a long injury, received the ball on the right of the box and fooled the Dutch goalkeeper Sander Boschker with an instant left shot.

In Moscow, Spartak Moscow needed a goal from Alexander Shirko in the final period of extra time to overcome Karlsruhe SC by 1-0 on aggregate.

With penalties looming in the second leg after a scoreless 199 minutes of soccer, Andrei Tikhonov surged down the left side and found Shirko unmarked with a cross that the striker hammered home.

Just What Is Squashing Hockey Scores?

The Associated Press

NEW YORK — Maybe it's the neutral-zone trap or some other exotic-sounding scheme. Or maybe it's just plain good goaltending. You can't count out the skate-in-the-crease rule, either.

In its first-quarter report, the NHL said scoring had fallen an average of about half a goal per game from the same period of the previous year. A similar decline was noted last year. The league's chief statistician, Benny Ercolani, also said power-play efficiency was at 15.1 percent, its lowest since at least 1983.

In the 1995-96 season, Mario Lemieux of Pittsburgh scored 161 points to lead the league. Last season, his last, Lemieux topped the league again — but with only 122 goals, and he complained about the confining style of the game.

"I think around the league more teams are playing trap," Phil Housley of Washington said. "They play a more defensive-type system because they don't want to make mistakes." The New Jersey Devils and the Pittsburgh Panthers popularized the neutral-zone trap. The defensive technique, which clogs the middle of the ice, helped the Devils win the Stanley Cup in 1995 and the Panthers get to the finals in 1996.

NHL ROUNDUP

People around the league also say that goaltending has never been better. And the skate-in-the-crease rule, designed to protect goaltenders, nullifies a goal if an attacking player's skate — even one away from the action — is in the crease.

In games played Tuesday night:

Flames 3, Islanders 1 Calgary, which had won just one game on the road so far, finally got a fortunate bounce.

Shorthanded and trailing 1-0, Flames defenseman James Patrick flipped the puck in the Islanders zone. Goalie Tommy Salo went behind the net to hold the puck for Bryan Berard, but it spun off Salo's stick to the right post, where Jarome Iginla scored into the empty net.

Penguins 2, Kings 1 Rob Brown scored the game-winning goal; Tom Barrasso made 23 saves but lost his bid for a fourth straight shutout win when Vladimir Tsyplakov scored.

Red Wings 7, Canucks 5 In Detroit, Kirk Maltby scored his first two goals of the season, including a deflection off his chest, as Vancouver lost its fourth straight. Steve Yzerman scored his 548th goal, tying him with Michel Goulet for 14th place on the career list.

Tom Pidgeon/The Associated Press
Mark Messier of Vancouver slipping a goal by Kevin Hodson of Detroit.

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BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	Pct	GB
Miami	14	5	.737	—
Orlando	14	7	.667	1
New Jersey	11	9	.550	3½
New York	11	9	.550	3½
Washington	9	11	.450	5½
Boston	7	11	.389	6½
Philadelphia	5	12	.294	8
CENTRAL DIVISION				
Atlanta	15	4	.789	—
Cleveland	12	6	.667	2½
Chicago	12	7	.632	3
Charlotte	11	7	.611	3½
Indiana	11	7	.611	3½
Milwaukee	11	8	.579	4
Detroit	9	12	.429	7
Toronto	1	19	.050	14½
WESTERN CONFERENCE				
MIDWEST DIVISION	W	L	Pct	GB
Houston	12	5	.706	—
Utah	12	8	.600	1½
San Antonio	10	10	.500	3½
Minnesota	8	11	.421	5
Vancouver	7	14	.333	7
Dallas	5	14	.263	8
Denver	2	16	.111	10½
PACIFIC DIVISION				
L.A. Lakers	15	4	.789	—
Seattle	16	5	.762	—
Phoenix	12	5	.706	2
Portland	12	6	.667	2½
Sacramento	7	14	.333	9
L.A. Clippers	4	16	.200	11½
Golden State	2	15	.118	12

TUESDAY'S RESULTS

New Jersey	24	21	18	36— 99
Washington	24	29	26	39—120

N.J.: Van Horn 9-19 2-4 25, Kittles 7-16 1-1 17; W: Murray 9-16 1-1 26, Strickland 7-9 9-10 23, Rebounds—New Jersey 46 (J.Williams 12), Washington 54 (Webber 15). Assists—New Jersey 21 (Cassell 9), Washington 33 (Strickland 14).

Charlotte	25	24	19	27— 95
Toronto	31	18	18	15— 82

C-Phills 7-15 5-7 20, Rice 7-15 2-4 19; T:Stoudamire 7-13 4-4 20, Wallace 6-14 3-6 15.Rebounds—Charlotte 57 (Divac 14), Toronto 49 (Miller 12). Assists—Charlotte 27 (M.Wallace 6-14 3-6 15)Mason, Wesley, Armstrong 5), Toronto 23 (Stoudamire 7).

Miami	21	25	24	26— 97
Atlanta	17	28	29	15— 81

Mi: Lenard 8-13 4-4 22, P.J.Brown 10-15 0-0 20; A: Loehner 7-14 8-12, Smith 7-16 2-6 17. Rebounds—Miami 44 (Hardaway 8), Atlanta 49 (Loehner, Smith 8). Assists—Miami 20 (Hardaway 10), Atlanta 16 (Smith 5).

Denver	26	8	20	29— 83
Detroit	20	18	26	28— 92

D: Lenderdale 5-8 6-8 16, Newman 5-11 2-2 12; D:E.Williams 9-17 3-7 21, Hunter 5-17 6-6 16. Rebounds—Denver 48 (Battie, Garrett 9), Detroit 62 (Rathf 10). Assists—Denver 24 (Jackson, Goldwire 8), Detroit 20 (Hill 10).

New York	18	14	25	22— 82
Chicago	24	18	28	24—108

N.Y.:Ewing 6-20 10-15 22, Houston 6-13 4-4 16; C: Jordan 10-23 9-9 29, Kukoc 6-6 4-6 20. Rebounds—New York 58 (Ewing 13), Chicago 51 (Rodman, Longley, Harper 9). Assists—New York 16 (Ward 5), Chicago 17 (Harper, Jordan 4).

Seattle	28	22	37	21—108
Minnesota	23	24	25	27— 99

S:Payton 7-13 5-7 21, Schrempf 8-13 0-0 19; M: Carr 7-15 2-2 18, Garnett 7-13 2-2 16. Rebounds—Seattle 52 (McIlvaine 10), Minnesota 52 (Garnett 15). Assists—Seattle 28 (Payton 11), Minnesota 24 (Gugliota, Marbury 5).

LA Clippers	27	27	17	28— 99
Dallas	21	24	24	23— 92

L.A.:Martin 6-12 1-2 18, Murray 5-13 7-8 17; D: Reeves 9-16 9-9 28, Finley 6-16 4-4 17. Rebounds—Los Angeles 51 (Wright 11), Dallas 43 (Green 7). Assists—Los Angeles 14 (Rogers 5), Dallas 21 (Finley 7).

San Antonio	28	14	21	15— 78
Houston	23	27	22	20—186

S.A.: Robinson 6-9 2-2 14, Duncan 4-10 5-6 13; Drexler 4-10 9-10 17, Willis 8-12 0-1 16. Rebounds—San Antonio 52 (Duncan, Robinson 9), Houston 52 (Barkley 14). Assists—San Antonio 23 (A.Johnson 8), Houston 28 (Drexler 11).

Vancouver	24	28	17	24— 85
Phoenix	29	21	26	31—107

V: Abdur-Rahim 8-20 5-6 21, Daniels 6-9 1-1 13; P:Ceballos 9-13 2-3 21, McDyess 9-15 2-4 20. Rebounds—Vancouver 46 (Abdur-Rahim 9), Phoenix 54 (McDyess 9). Assists—Vancouver 30 (Thorpe 6), Phoenix 36 (Nash 8).

Utah	21	22	24	33—101
Sacramento	22	26	28	27—113

U: Malone 13-25 8-12 34, Hornacek 2-5 8-8 12; S: Williamson 8-17 11-15 27, Richmond 7-19 9-9 24. Rebounds—Utah 54 (Malone 10), Sacramento 53 (Polynice 10). Assists—Utah 20 (Stockton 5), Sacramento 25 (Dehere 8).

HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	T	Pts	GF	GA
New Jersey	19	9	0	38	82	51
Philadelphia	15	9	6	36	84	70
Washington	15	11	4	34	90	80
N.Y. Rangers	9	12	11	29	83	87
N.Y. Islanders	12	14	4	28	80	82
Florida	9	15	5	23	70	87
Tampa Bay	5	19	4	14	54	95
NORTHEAST DIVISION	W	L	T	Pts	GF	GA
Pittsburgh	17	10	5	39	90	78
Montreal	17	10	4	38	94	73
Boston	13	12	5	31	74	79
Ottawa	13	13	4	30	78	72
Carolina	12	14	5	29	83	86
Buffalo	9	13	6	24	72	77
WESTERN CONFERENCE						
CENTRAL DIVISION	W	L	T	Pts	GF	GA
Dallas	20	8	4	44	103	70
Detroit	19	7	5	43	105	74
St. Louis	19	9	3	41	94	69
Phoenix	13	14	3	29	80	84
Chicago	10	14	5	25	63	74
Toronto	10	14	4	24	63	76
PACIFIC DIVISION	W	L	T	Pts	GF	GA
Colorado	16	7	8	40	94	79
Los Angeles	12	13	5	29	90	85
Anaheim	11	14	6	28	70	88
Edmonton	9	15	7	25	73	94
San Jose	10	18	2	22	76	93
Vancouver	9	18	4	22	89	111
Calgary	7	18	7	21	80	100

TUESDAY'S RESULTS

Calgary	2	0	1—3
N.Y. Islanders	1	0	0—1

First Period: New York, Berard 10 (Reichel, Smolinski) (pp). 2, C-Iginla 9 (Patrick, Cassels) (sh). 3, C-Tilley 7 (Iginla, Heisel) (pp). Second Period—No scoring. Third Period—C-Fleury 10. (en). Shots on goal: C- 11-3-7—21. New York 9-6-5—20. Goalies: C-Tabaracci. New York, Salo.

Vancouver	2	2	1—5
Detroit	4	2	1—7

First Period: V-Gelinas 3 (Messier, Lumme) (pp). 2, D-Maltby 1, 3, V-Messier 11 (Bure, Lumme) 4, D-Kozlov 9 (Brown, Knuble) 5, D-McCarty 7 (Yzerman, Murphy) (pp). 6, D-, Yzerman 9 (Lidstrom, Holmstrom) Second Period: D-Gilchrist 7 (Murphy) (pp). 8, V-Ledyard 2 (Maglilny, Linden) (pp). 9, D-Maltby 2 (Dandenault, Kocur) 10, V-Naslund 5 (Hedican) (pp). Third Period—11, D-Shots on goal: V- 7-13-12—32. D- 21-14-9—44. Goalies: V-McLean. D-Hodson

Pittsburgh	1	1	0—2
Los Angeles	0	1	0—1

First Period: P-Barnes 8 (Brown, Jagr) (pp). Second Period: P-Brown 4 (Jagr, Francis) (pp). 3, Los Angeles, Tsyplakov (Boucher, Johnson) Third Period: None. Shots on goal: P- 9-13-4—26. L.A.- 3-11-10—24. Goalies: P-Barrasso L.A.-Fiset.

SOCCER

UEFA Cup

Auxerre 2, Twente Enschede 0
Auxerre win 3-0 on aggregate.
Lazio1, Rapid Vienna 0
Lazio win 3-0 on aggregate.
Schalke 04 2, Braga 0
Schalke win 2-0 on aggregate.
Aston Villa 2, Steaua Bucharest 0
Aston Villa win 3-2 on aggregate.
Inter Milan 3, Strasbourg 0
Inter win 3-2 on aggregate.
Atletico Madrid 1, Croatia Zagreb 0
Atletico Madrid win 2-1 on aggregate.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON—Announced the resignation of Kevin Cummings, general manager, of Sarasota, FSL, to become assistant general manager for Mobile, SL.

DETROIT—Agreed terms with OF Luis Gonzalez on 2-year contract. Designated RHP Bill Hurst for assignment.

OAKLAND—Agreed terms with RHP Tom Candiotti on 2-year contract.

TAMPA BAY—Agreed terms with 3B Wade Boggs on 1-year contract.

TEXAS—Agreed terms with INF Luis Alicea and OF Roberto Kelly

TORONTO—Agreed terms with RHP Paul Quantrill on 2-year contract and RHP Bill Risley on 1-year contract. Named Terry Bevington manager of Syracuse, IL.

NATIONAL LEAGUE

CHICAGO CUBS—Agreed terms with SS Jeff Blauser on 2-year contract

FLORIDA—Named Lorenzo Bundy outfield and base running coach.

HOUSTON—Agreed terms with INF Jeff Jack Howell on 2-year contract.

PHILADELPHIA—Fired Lee Thomas, general manager. Named assistant general manager Ed Wade acting general manager for 1998 season

PITTSBURGH—Agreed terms with RHP Jim Lieber on 2 year contract.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

ATLANTA—Re-signed G Randy Livingston. Put F Anthony Miller on injured list

CHICAGO—Activated G Steve Kerr from injured list. Put C Rusty LaRue on injured list.

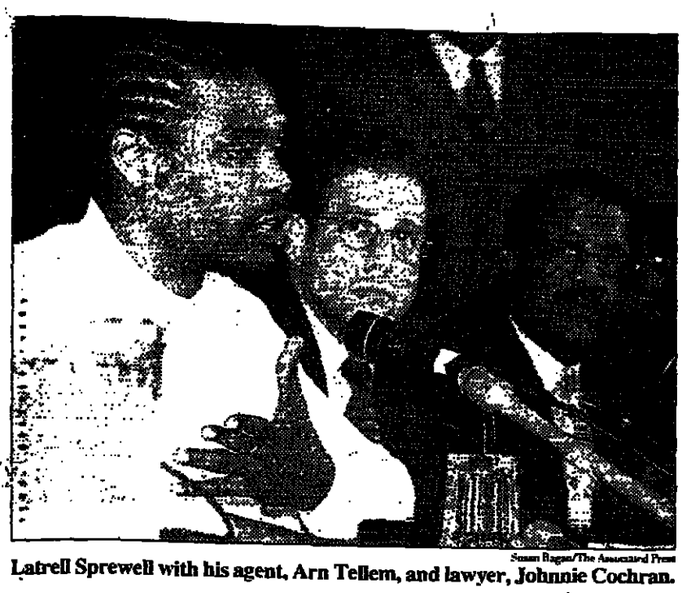
FOOTBALL

NATIONAL FOOTBALL LEAGUE

CHICAGO—Signed RB Ronnie Harmon and RB James Allen. Signed RB Michael Hicks from practice squad.

هكذا من الأصل

SPORTS



Susan Ragan/The Associated Press

Latrell Sprewell with his agent, Arn Tellem, and lawyer, Johnnie Cochran.

Sprewell Says He's Sorry, but Complains

By Mike Wise
New York Times Service

Appearing serene, composed and unlike the enraged player who attacked his coach eight days ago, Latrell Sprewell has publicly apologized to P.J. Carlesimo.

Yet, the former Golden State Warriors guard also said Tuesday night that he was not given due process by the National Basketball Association, an allegation that has galvanized Sprewell's peers around the league and might transform last week's frightening incident into a political wishbone.

As owners and players prepare for an impending struggle over the collective bargaining agreement, Sprewell's one-year suspension for choking and punching Carlesimo last week has brought about threatened boycotts and thrown a further wedge between management and labor.

"I was willing to meet with the team and the league after being suspended, and it just seemed like no one wanted to hear what I had to say," Sprewell said Tuesday inside the packed ballroom of a hotel in Oakland, California. "I hope that the league would at least afford me the opportunity to come out and just hear me. That's all I really wanted to do, was just to tell what happened. And no one was willing to listen at the time."

Sitting at a table surrounded by dozens of photographers and television cameramen, Sprewell was flanked by a nine-person legal team that included Johnnie Cochran, the lawyer who defended O.J. Simpson; Sprewell's agent, Arn Tellem, and Billy Hunter, the players' association executive director. Also present were the union's chief council, Robert Lanza, and staff attorney, Ron Klempner.

Charles Barkley, the All-Star forward of the Houston Rockets, suggested after practice in Houston on Tuesday that the players consider a boycott of the All-Star game in New York or possibly the World Championships next summer in Athens.

In New York, the NBA's executive vice president and chief legal officer Jeffrey Mishkin said: "In response to questions raised following today's press conference, I wish to confirm the following facts. One: The investigation into the assault on P.J. Carlesimo included 23 interviews by the NBA security department, one of which was with Mr. Sprewell himself. Two: Prior to notification to the players' association of Mr. Sprewell's suspension, no request was made by Mr. Sprewell, or anyone acting on his behalf, for a meeting of any kind."

'Classic Jordan Moment'

He Passes Malone to Be 3d Highest Scorer

The Associated Press

Michael Jordan faked a 20-foot jumper, and the defender Allan Houston sailed past. Jordan dribbled, spun and put a 12-foot bank shot just over the outstretched hand of the 7-foot Patrick Ewing.

The ball went in, the Chicago crowd cheered, and Jordan climbed another rung on the ladder of NBA history, becoming the No. 3 highest scorer ever.

NBA Roundup

"I'm not sitting back, watching myself and determining if that's a classic Jordan moment," he said Tuesday night after leading the Chicago Bulls with 29 points to a 100-82 victory over the New York Knicks. "I'm trying to score."

Trying — and succeeding. What else is new?

Jordan has 27,432 points in 867 games over 13 seasons. He passed Moses Malone, who scored 27,409 points in 1,045 games during his 19-year career. He has the National Basketball Association's best scoring average ever — 31.6 points.

Jordan could catch Wilt Chamberlain (31,419 points) for second place if he averaged 27.5 points from now until the end of next season. But if he retires after this season, he will finish well behind Kareem Abdul-Jabbar (38,387).

In the game, Ewing scored 22 points, but was only 6-of-20 from the floor as New York shot 36 percent in losing for the fifth time in seven games. The Knicks have lost five straight on the road.

Wizards 120, Nets 99 In Washington, Tracy Murray scored a season-high 26 points and made a career-high seven 3-pointers as the Wizards stayed perfect at their new arena.

Hornets 95, Raptors 82 In Toronto, Bobby Phills scored 13 of his 20 points in the fourth quarter, helping Charlotte extend Toronto's franchise-record losing streak to 17 games.

Heat 97, Hawks 81 Host Miami, leading the Atlantic Division, sliced through an unusually tame Atlanta defense to shoot 51.9 percent from the field, pulling away in the final period after Atlanta cut a 10-point halftime deficit to 71-66 after the third quarter.

Pistons 92, Nuggets 83 In Auburn Hills, Michigan, Brian Williams had 21 points and Jerome Williams led a second-quarter comeback with 12 points as Detroit handed Denver its ninth straight road loss.

SuperSonics 108, Timberwolves 99 In Minneapolis, Gary Payton had 21 points to lead Seattle to its NBA-record 26th consecutive win over Minnesota. Detlef Schrempf scored 19 points.

Clippers 99, Mavericks 92 In Dallas, Darrick Martin scored 18 points, and Lamond Murray added 17 as Los Angeles won for only the fourth time this season.

Rockets 108, Spurs 78 In Houston, Clyde Drexler led six players in double figures with 17 points and 11 assists as Houston won its ninth straight.

Suns 107, Grizzlies 85 In Phoenix, Cedric Ceballos scored 21 points in 23 minutes and Antonio McDyess had 20 points and nine rebounds as Phoenix beat Vancouver.

Kings 113, Jazz 101 In Sacramento, Corliss Williamson scored 19 of his career-high 27 points in the second half and Mitch Richmond added 24 points as Sacramento defeated Utah.

Vincent Laforet/Agence France-Presse

Michael Jordan, the Bulls' guard, driving past Knicks' Patrick Ewing.

Charles Krupa/The Associated Press

IMAGINE — Dennis Eckersley in a snowy Fenway Park showing his 10-year-old son, Jake, the view from the pitcher's mound. Eckersley, 43, a Red Sox starter from 1978 to 1984, will return to Boston next season.

Somehow Boggs Knew It Was a Buyout

By Murray Chass
New York Times Service

Wade Boggs has not stayed up nights trying to figure it out, but he knew something was wrong in New York.

"I don't know what it was," he said. "I can't answer that. I'm still wondering that myself. It was something I couldn't put my finger on. I just sat back and wondered. Everyone said, 'They'll pick up your option.' I more or less knew they wouldn't. I could sense that."

Because the Yankees did not exercise the option in his contract, Boggs became a free agent, and Tuesday he joined his hometown Tampa Bay Devil Rays.

The Devil Rays got the third baseman inexpensively, signing him to a one-year contract with an option for a second year. The deal guarantees Boggs only $750,000 — a $500,000 salary and a $250,000 buyout if his option is not picked up. The last time he played for so little was 1984, his third season in the majors, when he made $525,000.

Boggs, who is 39, can earn up to $750,000 in bonuses based on his number of plate appearances; he needs 500 to receive the maximum. That number also will guarantee his option year salary of $750,000.

The Yankees gave Boggs a $100,000 buyout rather than a $2 million salary for next season. He made $2 million for each of the last two seasons. He said no one from the Yankees told him the team was letting him go.

"I got it in writing, a formal letter, and that basically was it," he said in a conference call. "It's something you accept and go on about your life."

Boggs's problem with the Yankees, for whom he played five years after 11 with Boston, seemed to be that the manager, Joe Torre, was less than enchanted with him. Coming off two consecutive Gold Glove seasons, Boggs was replaced by Andy Fox at third base in a game early in the 1996 season, Torre's first with the Yankees. When the manager was asked why, he said, "Fox is a better defensive third baseman."

Baseball

Boggs struggled in the first half of last season, hitting only .240 with a .314 slugging percentage before the All-Star Game break. In July he said he was mentally shot, in effect giving up his job, or his part of it, to Charlie Hayes. But in 42 of the 77 games after the break, Boggs hit .362 and had a .510 slugging percentage. He finished with a .292 batting average, only the second time in 16 seasons he did not hit .300.

"It's time in my career where I've done enough traveling, living apart from my children," he said. "It's time to come home and play."

Now, he added, his relatives and friends can watch him try to get the 200 hits he needs for 3,000.

"People I grew up with are still here," he said. "Basically they've lived my career through the newspapers and television. Now they can see me play. Some of them held off buying tickets until they knew I was going to play here."

In other free-agent signings, The Associated Press reported:

The San Francisco Giants signed Orel Hershiser, a move that continued the revamping of the Cleveland Indians' rotation. In the last two days, the Indians have added Ben McDonald and Dwight Gooden while losing Jeff Juden and Hershiser.

Jeff Blauser, a shortstop, agreed to an $8.4 million, two-year contract with the Chicago Cubs.

Texas agreed to a $3.85 million, two-year contract with Roberto Kelly, an outfielder, and a $1,575,000, two-year contract with the second baseman Luis Alicea.

The knuckleballer Tom Candiotti agreed to a $6.35 million, two-year contract with Oakland.

The outfielder Luis Gonzalez and Detroit agreed to a two-year deal worth between $4 million and $5 million.

And in a front office shakeup, the Philadelphia Phillies fired their general manager, Lee Thomas. Ed Wade, who had been his assistant, will be acting general manager for the 1998 season.

DENNIS THE MENACE

"WHENEVER I GET A COLD, I JUST GIVE IT TO MY DAD."

PEANUTS

CALVIN AND HOBBES

GARFIELD

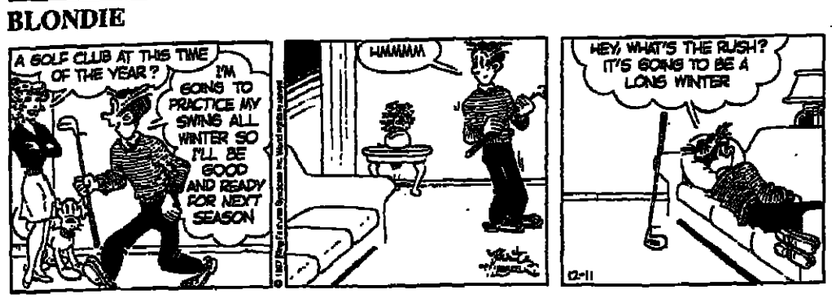
WIZARD of ID

BEETLE BAILEY

NON SEQUITUR

DOONESBURY

BLONDIE



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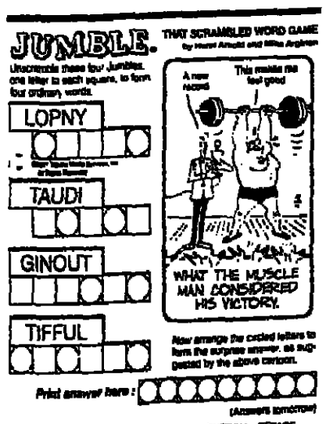

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ART BUCHWALD

'West Side Story '97'

WASHINGTON — "West Side Story" was written at a time when rival teen gangs in New York City were at each other's throats.

Now the West Side is considered prime real estate, and you can't live there unless you are really upper crust.

Buchwald

Here's how I think the show could be rewritten:

The Ralph Lauren Blue Blazers led by Riff and the Tommy Hilfiger Sweatsuits led by Bernardo taunt each other as they move around their favorite discotheques.

Riff is going to get Tony to drive the Hilfiger gang off the Blue Blazer turf.

□

Tony arrives on the scene and meets Maria, who is returning from another debutante ball at the Pierre Hotel.

It's love at first sight.

Tony finds the Trump Tower penthouse where Maria lives, and as she steps out onto her balcony he climbs up the fire escape to serenade her.

At Doc's Armani clothes store Riff and Bernardo meet for a war council to discuss a rumble and dance at the Armory.

□

But Officer Krupke, dressed in the latest Calvin Klein ensemble, warns them not to cause any trouble on his beat.

When Tony finds Maria at the Gucci store they talk about their wedding, which Maria says she wants at the St. Regis with Oscar de la Renta designing her gown.

In front of the Lincoln Center the rumble is about to begin. Switchblades appear, and Riff is killed by Bernardo. Then Tony kills Maria's brother, Bernardo, and hires Johnnie Cochran and F. Lee Bailey to defend him.

Maria finds out that Tony killed Bernardo, and when Tony climbs up to see her at the Trump Tower she refuses to talk to him because she has a 10 o'clock appointment with her personal trainer.

□

The Blue Blazers regroup, and one of them, Chino, has a gun. Maria asks her friend Anita to tell Tony to meet them at Tiffany's in the diamond-ring department.

Instead, Anita tells Tony that Maria is dead. When Tony hears this he jumps into his Jaguar and shouts, "Come and get me, Chino."

Just as Tony sees Maria, Chino steps out of the Le Cirque 2000 restaurant and shoots Tony who dies in Maria's arms. His last words are, "What bad luck. We could have bought a house in Easthampton."

Milwaukee Museum Begins Expansion

New York Times Service

MILWAUKEE — The Milwaukee Art Museum was to break ground Wednesday on a $50 million expansion.

The expansion, designed by the Spanish architect-engineer Santiago Calatrava, will increase gallery space by about 25 percent and provide space for a lecture hall, restaurant and gift shop. The current museum, designed by Eero Saarinen, was opened in 1957. The museum was also expanded in 1975.

Prague's Café Slavia Reopens in a Burst of Light

By Jane Perlez
New York Times Service

PRAGUE — The smoke-wreathed chairs have gone, the green marble interior from Comrade Castro's Cuba is now a slab of memorabilia and the sallow ambience has been replaced by the megawatt white light of a sleek brasserie.

But somehow — perhaps it says something about the timelessness of Czech life — the newly renovated Café Slavia, the century-old haunt of Czech writers, actors, painters, students and the petite bourgeoisie, has managed to stay the same.

When the famed café opened its doors recently after a seven-year closing and a complete overhaul, all of Prague held its breath.

How could a new Café Slavia possibly be genuine? they asked. But the toughest critics — the former habitués — have given their seal of approval.

The writer Pavel Kohout, who was forced into exile by the Communists and has now returned to an apartment just up the street from the café, has checked it out. He is ecstatic: the old egalitarianism prevails.

"I've been walking my dog past the café at 10 in the morning and at 11 at night," he said. "It's not filled with tourists. The old and the young are there."

On a recent afternoon, women who work at offices strolled in, carrying the day's groceries in shopping bags. They seemed just as at home as a skinny model in a zebra-patterned Lycra T-shirt talking hair and makeup with her new manager. An elderly woman in a well-seasoned fur and black cloche hat gave the place an eagle eye. In the back, Jiri Pehe, the foreign policy adviser to President Vaclav Havel, briefed a local journalist.

A new-look Slavia, planned after the collapse of the Communists, was mired in legal battles after a Boston company acquired the lease in 1992 but never did the renovation. Two years ago, a Czech company bought the lease and ran an architectural competition, asking for designs incorporating the past. The winners, Jiri and Jan Spacek, brothers from Prague, had a lot from the café's history to choose from.

Alan Paguet/The New York Times
The newly renovated Café Slavia, a century-old favorite in Czech artistic circles.

As political systems came and went, the Slavia slipped from style to style.

It opened in 1891, dripping with chandeliers, a replica of the imperial cafés in Vienna and Budapest. After the Habsburgs expired, an Art Nouveau interior appeared, replete with colored lamps and decorated glass.

The fussiness of the 1920s gave way to the Berlin inspired Art Deco of the 1930s, with nickel edging the lights, doors and railings. Out of the question for the Spacek brothers, who were in disfavor under the Communists, was a retro 1950s-to-'80s look harking back to Socialist Realism murals and grubby upholstered chairs.

With little hesitation, the Spaceks went for Art Deco.

They are most proud of the lights they designed: outsized cones of milk glass trimmed in nickel-plated brass that hang in clusters from the ceiling.

"Just as the architects of the 1930s were reacting to the Art Nouveau before, we were reacting to the yellow lights of the 1980s," said Jiri Spacek, 45. "Light is new to the place, that's our contribution."

They returned the walls to a reddish mahogany and asked an Austrian designer to come up with a new version of his classic bistro chair. From archive documents the Spaceks copied the 1930s glass- and nickel-plated doors and salvaged an original ribbon-thin green circle of neon light for one of the ceilings.

For people like Pehe, the return of the Slavia is symbolic of the best of modern Czech history.

First, there is the name, which purposely distinguished it from the historic German and Austrian influences on the Czechs. Those who wanted independence from the Habsburgs used to plot there before World War I, Pehe said. In the 1970s, resisters like himself who could not be totally repressed by the Soviet-led invasion of 1968 came to scheme, helped by raw coffee and clouds of rough smoke.

For some, like Kohout, 69, the café was life itself: "I first went there in 1936 — I was 8, and I went there with my father," he said. "He told me much later that I had my first aperitif there."

Kohout recalls sitting in the Slavia with friends in 1977, waiting to be summoned to the nearby Interior Ministry, where they were asked to approve a document denouncing Charter 77, which they had all signed. The Charter called for the recognition of human rights in Czechoslovakia. The Slavia-philes, of course, refused the ministry's demands.

Kohout was expelled from Czechoslovakia in 1979 and spent the next 10 years in Vienna, where he picked out a coffee house as his regular. But it was not the same. After all, major scenes from two of his novels are set in the Slavia.

In December 1989, when he rushed back home after the fall of the Communists, his first stop was the café. "I was sure my friends would be there — and there they were," he said.

The café's most famous denizen was Havel, now president of the Czech Republic, then a dissident and playwright. Havel's enthusiasm for the reopening of the Slavia was boundless. He dropped in one day unannounced during the construction to check out the plans. But he was in a hospital on opening night, recovering from a serious bout of pneumonia.

He sent a message that was read out. "This is a small victory over stupidity," he said, referring to the years that the café was unnecessarily dark.

JAZZ

Danilo Perez and the Caribbean Connection

By Mike Zwerin
International Herald Tribune

PARIS — Baseball, we are told, is being saved by an influx of Latino players. They do not bring their own rules, as in Canadian football. They play by American rules. Something similar has been happening with jazz.

Latin jazz, more or less invented by Dizzy Gillespie during the late '40s, was physical, happy music — you could not stay put. Dizzy's Afro-Cuban records sold better than his others. Some people, however, considered it an intrusion.

Flashback. 1949. A late night jam session at Nola's, a smoky rehearsal studio on Broadway. Two conga drummers accompany a band of the usual suspects playing "A Night in Tunisia." Afterward, an awkward silence is broken by a bearded trumpeter who mutters, à la W. C. Fields: "Let's get out of the jungle for awhile." The congo drummers leave.

The emigration of talented musicians from the Caribbean continues today. They have become a major force. Their music is called salsa now. Both the name and the music are to a large degree commercially driven.

Something more subtle and ecological has entered the picture. Improvisers are beginning to incorporate Latin elements as only one more influence, like the blues, added without a hint of co-option.

When the Panamanian pianist Danilo Perez, now 30, first traveled with Wynton Marsalis' band in the late '80s, he noticed that the New Orleans time the rhythm section was using was very danceable. Very Caribbean, it was still within the pure jazz tradition.

He has thought this over. Obviously, he is not speaking off the cuff: "I could relate to that. So I started to reinvestigate rhythms from Panama. I began to hear Monk as though it was somebody playing percussion on a piano.

"It was a revelation to me. Jazz could be fun as well as an intellectual exercise. Before that, I had not heard any connection between jazz and Latin music except for Latin jazz. What I was hearing now was a much deeper connection. Then I began to feel right at home with Jelly Roll Morton too."

The release of Perez's third album, "Panamonk" (Impulse!) has elevated his career to the next level. He made the cover of the magazine Jazzis. And he has been working more or less continuously since May. People like to hear Monk's compositions played in another style. Perez works primarily in trio format. Tommy LiPuma of

Christian Rose
From Panama, pianist-percussionist Perez.

Impulse! Records advised him: "You need to play in a small setting so people can hear what you're doing with your hands."

Recently, he finished a week at La Villa, an intimate club in Saint-Germain-des-Pres. One night, much to his surprise, the members of the hard-rock band Metallica were at a front table. Not only that, they were listening.

The night before, conversation had been overpowering the music until he made an announcement. Soft, thoughtful, respectful, on the edge of pedantic, he reminded the audience that this was a music room. And, frankly, it was expensive. They had paid good money to listen. And so it made good sense for them to quiet down. "Please. Listen," he pleaded.

His pedantic side is relatively new. For three years now, he has been teaching improvisation and piano at the New England Conservatory of Music in Boston. He learned to teach from his father figure and prior leader, Gillespie: "He taught me how to combine the elements of jazz with my culture. He was always explaining that I should learn how to take advantage of my own culture. Dizzy taught me how to explain to begin with. Having to put it all into a theory to explain to my students helped me explain it to myself."

Perez grew up in Panama City. His parents were both teachers. His father was also a folk singer and the young Danilo would accompany him to gigs as early as the age of 4. He played claves, harmonica; "whatever." Perez speaks with a great deal of warmth about his childhood. And he smiles remembering a "trick" he played on his mother. When she hesitated to allow him to go out and stay up late with his father, he warned her: "I'm not going to go to school any more. I'm going to fail."

He did anything but. Studying electronics in high school, he had such "amazing numbers" that he was awarded an engineering scholarship to the University of Indiana. But music continued to be a passion. During a mathematics test, he had what he calls a "fantasy" of an audience applauding him after a concert: "My test pages were still blank, but I gave them to the teacher and said: 'I'm leaving. I'm not coming back.'"

So after a year in Indiana, he was awarded a Quincy Jones Scholarship at the Berklee College of Music in Boston. Soon afterward, however, he moved to New York to work with the singer Jon Hendricks. His mother was, he says, "going nuts. She thought her son did not know what he wanted to do in life. Now she's happy, but still, some day I would like to go back to school. Get my master's, maybe in ethno-musicology."

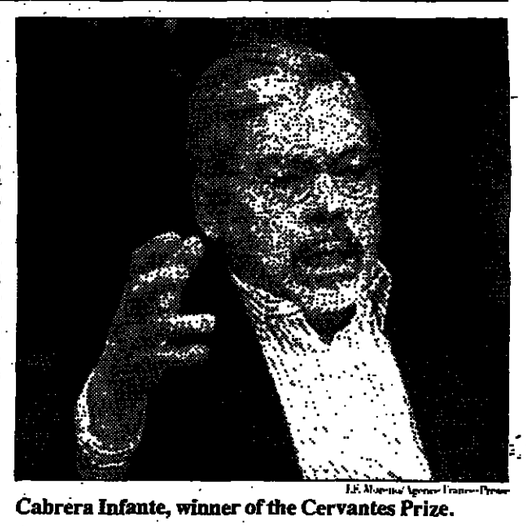
Doing a radio interview in Los Angeles earlier this year, the love with which Perez described his parents and his youth in general made a deep impression on the film director Robert Downey, who heard it in his car. Downey was looking for someone to write a score for his new movie "Hugo's Pool" starring his son Robert Jr. and Sean Penn (it is scheduled for release later this month).

The following day, in his hotel room, Perez received a phone call from "some director who wanted me to write music for his movie. I said 'Yeah. Sure.'" It turned out to be Downey, and the day after that Perez found himself in a studio looking at it. Two and a half weeks later he delivered the score and recorded it, right on deadline.

He considers it something of a miracle: "How did Downey know I could write for a string quartet? He had never even heard me play. The film is a comedy, and right from the beginning I could tell that it needed classical and Latin music, and Monk. All the things that I'm about."

PEOPLE

THE exiled Cuban writer **Guillermo Cabrera Infante** has won the Cervantes Prize, the Spanish-speaking world richest award for literature, which carries a purse of 15 million pesetas (about $100,000). Cabrera Infante, who lives in London, is the author of "Tres Tristes Tigres" ("Three Sad Tigers") and "La Habana para un infante difunto" ("Havana for a Dead Child") He is a strident critic of **President Fidel Castro** of Cuba and regularly writes editorials for Spanish newspapers. Cabrera Infante will receive his prize from **King Juan Carlos I** on April 23.


J.F. Monier/Agence France-Presse
Cabrera Infante, winner of the Cervantes Prize.

□

The Doris Duke Charitable Foundation has announced its first grants to support the arts, environment and medical research. The creation of the foundation was the culmination of a nearly four-year fight — what many legal analysts called one of the ugliest probate battles in American legal history — over the estate of the reclusive and eccentric heiress **Doris Duke**, who died in October 1993 at age 80. The foundation, which distributed a total of $18.6 million among the three fields, gave its largest single award for the conservation of Sterling Forest, a 17,000-acre (6,900-hectare) nature refuge that straddles New York and New Jersey.

□

The dissident Cuban journalist **Raul Rivero** was awarded a press freedom prize Wednesday but could not travel to Paris for the award ceremony for fear he would not be allowed to return to Cuba. Rivero received the annual prize from Reporters Sans Frontieres (Reporters without Borders) and the France Foundation. Rivero is head of Cuba Press, one of a handful of small and illegal news organizations that seek to provide an alternative to the state-controlled media. The prize, which includes a 50,000-franc ($8,500) cash prize, was awarded by a jury of journalists from 10 countries.

□

Four previously unheard recordings by **John Lennon** have been released by a small Swedish company. Lennon recorded the songs about a year before he was shot to death outside his New York City apartment building in 1980, the Swedish news agency TT said. The tunes are being released on a CD accompanying an edition of "A Spaniard in the Works," Lennon's 1965 book. Lennon's widow, **Yoko Ono**, gave the Lund-based company Bakhaal permission to issue the songs.

□

Christian Slater was sentenced to three months in prison for assaulting his girlfriend and a police officer and being under the influence of cocaine. The actor, whose movie credits include "Pump Up the Volume" and "Broken Arrow," pleaded no contest to three charges. His lawyer asked the judge not to enforce the jail sentence because Slater had already voluntarily spent 118 days in a drug rehabilitation program since the Aug. 11 incident. A hearing was set for Jan. 9.

□

The National Board of Review of Motion Pictures gave best movie of the year honors to "L.A. Confidential," the film noir of corruption and murder in 1950s Los Angeles. **Jack Nicholson** was named best actor for "As Good as It Gets," and **Helena Bonham Carter**, best actress for "The Wings of the Dove." The board is made up of teachers, actors, writers, movie production workers and others.

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